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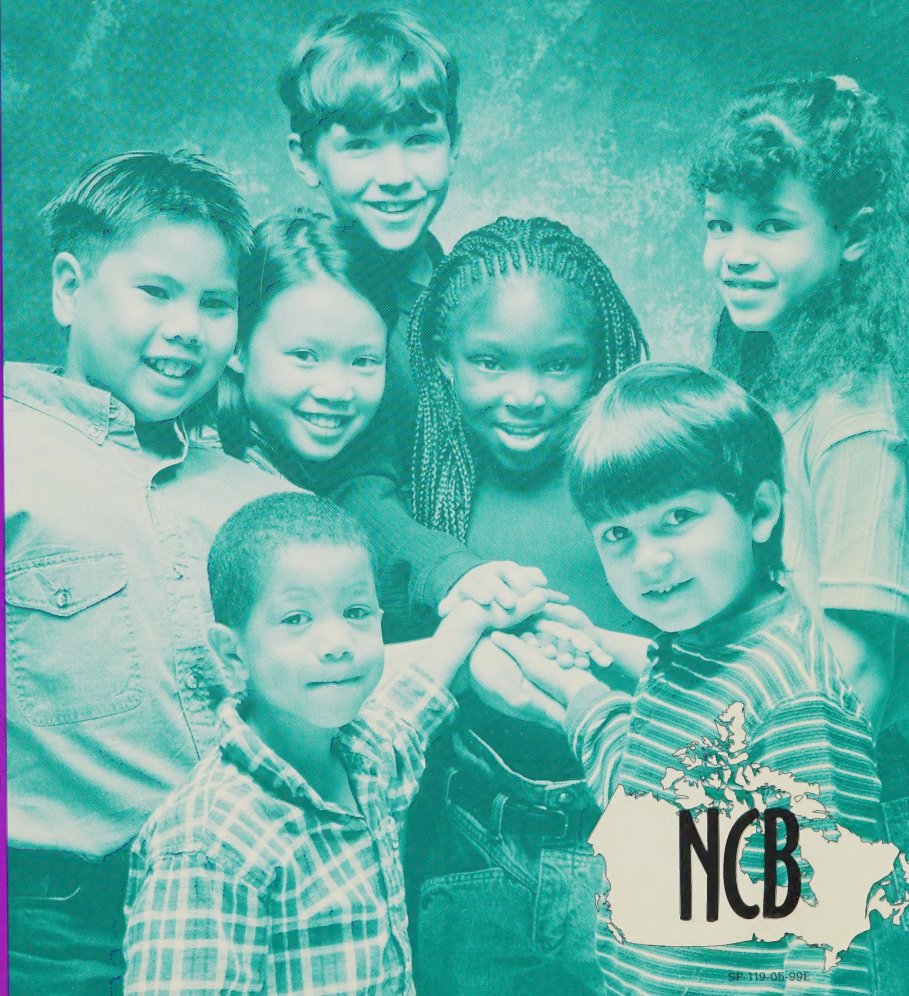






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# The National Child Benefit Progress Report: 1999



NCB

May 1999

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National Child Benefit  
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K1A 0J9

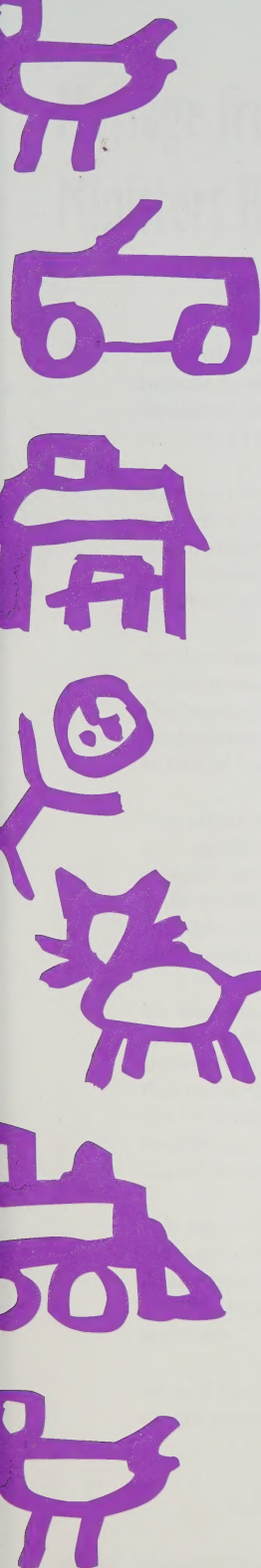
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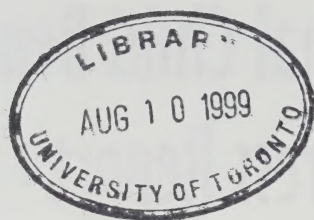
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# The National Child Benefit Progress Report

1999





# Message from Federal, Provincial and Territorial Ministers Responsible for Social Services

The National Child Benefit is a new initiative that is already making a difference for many low-income families with children across Canada. As federal, provincial and territorial governments, we started in 1998 to provide new and expanded benefits, supports and services to help give children a better start in life.

We began work on this initiative because we believe it is essential for Canada to make long-term progress in improving the situation of children in low-income families. This requires more than just increasing government payments to families. We need to take a more active approach — one that combines financial support with concrete measures to strengthen the connection between low-income families and the labour market.

We have worked closely together to design the initiative, which builds upon the considerable commitment that already exists to help families with children succeed in our changing economy. The National Child Benefit is the result of this partnership, representing an innovative and progressive approach to investing in Canada's children, and a model of federal, provincial and territorial co-operation.

This initiative combines major new federal investments in child benefits for low-income families with significant provincial and territorial investments in services and benefits for these families. It creates a stronger national platform of income support for all low-income families with children while enabling flexible and responsive approaches to local social and labour market needs. Together these elements contribute toward improving the life chances of hundreds of thousands of Canadian children.

We recognize that this is just part of what needs to be accomplished, and that larger economic and social trends will have a significant impact on our efforts. We also recognize the need for a broad approach to supporting children and families, and we are working together (through the Federal/Provincial/Territorial Council on Social Policy Renewal) to build a National Children's Agenda. The NCB initiative marks a major step forward in building an even better future for our children and for our country. It is a long-term initiative that responds to what we have heard from Canadians, who consider the well-being of our country's children to be of the highest priority.

This report begins to fulfil our commitment to report regularly on the progress of this initiative. It includes information that was available during the early months of the National Child Benefit. Future reports will provide detailed information on the resources going into the National Child Benefit, the programs, services and benefits that it includes, and, most important, the results it generates.

We will keep working together to meet the needs of children in the future, and to report regularly on our progress.

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*Federal, Provincial and Territorial Ministers Responsible for Social Services*





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# Executive Summary

## A Shared Effort by Canada's Governments

The National Child Benefit is a joint initiative of Canada's federal, provincial and territorial governments to help children in low-income families get off to a good start in life. It is one of many initiatives governments are implementing to help support children and families.

## Child Poverty and the "Welfare Wall"

Increasingly, people understand that childhood experiences play an important part in their well-being. Unfortunately, too many Canadian children have not been receiving the full benefits of Canada's success. Despite economic growth, the number of families with children living on low income has remained relatively steady in recent years.

In many cases, the policies and programs designed to help low-income families on social assistance have made it difficult for them to work without losing benefits for their children. Some parents may find themselves financially worse off in low-paid jobs as opposed to welfare, and may lose drug, dental and additional health coverage for their children. This "welfare wall" makes it difficult for families to enter and to stay in the labour force.

## The National Child Benefit

Federal, provincial and territorial governments recognized that a new approach was needed to support low-income families with children. These governments have come together on the National Child Benefit initiative, which was designed to help prevent and reduce the depth of child poverty, promote attachment to the labour market and reduce government overlap and duplication.

The National Child Benefit helps all low-income families:

- Parents on welfare are supported as they move into jobs with better access to essential benefits and services for their children.
- Parents already working in low-income jobs now get much-needed support to stay employed.

Under the National Child Benefit, the Government of Canada is increasing the income support it provides to low-income families with children. This provides a basic benefit for children across Canada, regardless of whether their parents are in jobs or receiving social assistance.

In turn, most provinces and territories and First Nations on reserve have adjusted the support they provide to families with children through social assistance, and all of them have invested in new and enhanced benefits and services for low-income families with children. These investments have been designed to reflect local needs and priorities.



They are in key areas such as children's benefits and earned income supplements, child care, early childhood and children-at-risk services and supplementary health benefits.

## How it Works

In July 1998, the Government of Canada added a new monthly federal benefit to the Canada Child Tax Benefit (CCTB) for low-income families with children, called the National Child Benefit (NCB) Supplement. It is paid as part of the CCTB to eligible families with incomes of up to \$25,921. This represents a federal investment of \$850 million for 1998-99 (July to June), and an increase in federal benefits for about 1.4 million Canadian families with 2.5 million children.

During the first fiscal year, provinces (excluding Quebec), territories and First Nations have invested about \$305.2 million in benefits and services for low-income families. Across Canada investments included the following:

- \$95.0 million in child benefits and earned income supplements;
- \$120.2 million for child/day care;
- \$9.6 million for supplementary health benefits;
- \$13.8 million for early childhood services and children at risk services; and,
- \$66.6 million for other programs consistent with National Child Benefit objectives (including those delivered by First Nations on reserves across Canada).

## Monitoring Progress

Governments are committed to ongoing reporting and evaluation of the National Child Benefit initiative, particularly since

program activities are still evolving. Future progress reports will continue to provide details on program expenditures and activities, and will track indicators of progress, specifically those relating to the goals of the initiative: reduction of the depth of child poverty, attachment to the labour force and program harmonization. Governments will work together on an approach to evaluation and research that will provide a rich information base for learning about what works and for sharing effective practices.

## The Way Ahead

The federal government has announced that funding for the NCB Supplement will be increased by \$425 million in July 1999 and an additional \$425 million in July 2000. As a result, the maximum level of the supplement will increase by a total of \$350 per child over two years. In turn, provincial and territorial governments and First Nations on reserve will further enhance their investments in services and supports for children living in low-income families.

Governments believe the National Child Benefit is already having a positive impact on the lives of Canadian children growing up in families living on low income. Starting in the fall of 2000, annual reports will describe the initiative's latest results. There is a commitment from all partners in the National Child Benefit initiative to continue to work together to ensure the best outcomes for children across the country.

Canada's federal, provincial and territorial governments want to hear from Canadians about the National Child Benefit initiative, how it is working and how it can be improved. Information on how to make comments is provided at the end of this report.

# Chapter 1

## Purpose of this Report

All Canadians share an interest in the well-being of children. The National Child Benefit (NCB) is a joint initiative of federal, provincial and territorial governments<sup>1</sup> to help children in low-income families get off to a good start in life. Children are a priority for all governments, and the NCB makes a significant contribution to this end.

In developing the NCB, federal, provincial and territorial governments agreed that it was essential to report regularly to the public on their progress. Governments agreed to report on the resources going into the initiatives and the new programs and services that are provided. Most important, governments will report on results, such as changes over time to the situation of low-income families with children. Expert and non-governmental organization roundtables held during the summer of 1998 confirmed the importance of such reporting. This progress report is a first step toward meeting that requirement.

This report sets the context for future progress reports. Compiled during the early stages of the NCB, it reflects progress during the initial period of the initiative. Through this and future reports, federal, provincial and territorial governments are committed to providing information to the public and to a process that is open to public scrutiny.

The impact of the National Child Benefit initiative will be monitored over time and reported on annually, starting in the fall of 2000. Longer-term impacts will be addressed in future research and evaluation studies.

This report discusses key aspects of the NCB initiative, including the challenges faced by children in low-income families (Chapter 2); income and labour market trends in the years leading up to the National Child Benefit's introduction (Chapter 3); how the initiative works and the latest program information available (Chapter 4); and potential indicators of outcomes that may be used in the future to assess the progress and influence of the National Child Benefit initiative (Chapter 5). Finally, this report encourages Canadians to express their views on the National Child Benefit initiative and on this report. Information on how to do so can be found in Chapter 6.

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1. The Government of Quebec has stated that it agrees with the basic principles of the National Child Benefit. Quebec, however, has not taken part in the initiative because it wishes to assume control of income support for the children of Quebec. Throughout this report, references to joint federal/provincial/territorial positions do not include Quebec.





# Chapter 2

## Context for the National Child Benefit Initiative

Canadians want children to have a strong start in life. Increasingly, people understand that childhood experiences play an important part in later well-being. Children who are well cared for today are more likely to be healthy, responsible, productive and caring as adults, contributing to Canada's economy and society. Federal, provincial and territorial governments across Canada recognize that they have a part to play in helping create a positive environment for parents, families and communities to raise their children in. That is why these governments have come together: to work on a new approach to providing supports to children and their families.

### Growing Up in Canada

Canada has an enviable worldwide reputation as a desirable place to live. International quality of life measures consistently place Canada near the top of the list in virtually every measure. Our vibrant economy, bountiful natural resources, spectacular natural environment, clean cities and low rates of crime contribute to a favourable quality of life. Most Canadian children benefit from this positive environment, growing up in healthy and supportive families and communities that offer them a solid basis to achieve their potential as adults.

### The Impact of Low Income

Unfortunately, too many Canadian children have not been receiving the full benefits of Canada's success. Children may be disadvantaged for many reasons, but low income is often a significant contributing factor. While children in families of all income groups may experience problems, research has shown that growing up on low income can place children at greater risk of illness, behavioural and learning difficulties and family violence.<sup>2</sup>

The relationship between child outcomes and low income is complex. While it is clear that the level and stability of a family's financial resources affect many areas of a child's well-being, it is less clear how income influences child outcomes. On the one hand, income could influence development through reduced access to material goods and resources, neighbourhood influences, stress within the family and moves necessitated by a drop in income. On the other hand, factors such as positive parenting, quality child care, health and social supports and other community influences act as protective factors that can counteract or reduce disadvantages, including those associated with low income.

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2. See, for example, Statistics Canada, National Longitudinal Survey of Children and Youth (NLSCY), Cycle 2 (1996/97), released October 1998.

What is clear is that income is one of many key influences in children's lives. To be effective over the long term, income support must be combined with measures that address other needs of low-income families such as child care, health benefits and social services.

## Economic and Social Trends

The impact of children growing up in low income families is a particular concern today as many Canadian families face the challenge of adjusting to a labour market that demands new skills and provides different types of employment from the past.

Our economy has seen a shift from predominantly full-time jobs that typically lasted an entire working life to more frequent job change, increased demand for retraining and more contract, part-time work and self-employment. These changes have been difficult for many low-income families. This pattern is reflected in a decline in their full-time employment between 1984 and 1996.

While it was once the norm for families to have two parents living in the home, with one working full time in the labour market and the other working full time in the household, there is much more diversity today in family structure and parents' employment patterns. For instance, there is a growing number of one-parent families, the majority of all parents are in the paid labour force and most are working full time. Federal, provincial and territorial governments have had to reassess the social safety net to respond to these changes in the economic and social circumstances facing Canadian families.

Some groups in Canadian society tend to be overrepresented among those who are living on low income. These include lone-parent families, Aboriginal families, recent immigrant families and families led by persons with disabilities. For those families in particular, lower levels of parental education can compound difficulties for the parents in finding good jobs.

Despite progress in recent years, social, economic and health indicators in Aboriginal communities are below those of non-Aboriginal Canadians. The income gap between Aboriginal and non-Aboriginal people is widening, and the unemployment rate for Aboriginal people in Canada remains about twice the national rate (with an even higher rate for Registered Indians living on reserves). Social assistance dependency on reserves is about four times the national rate. These differences are compounded by an Aboriginal population growth rate which is double that of the overall Canadian population. Over the next two decades, this will result in large increases in the Aboriginal working-age population and the need for increased social services.

# The “Welfare Wall”

In many cases, the policies and programs designed to help low-income families have made it difficult for them to work without losing benefits for their children. Some parents may find themselves worse off financially in low-paying jobs when compared to staying on welfare. In some cases, employment income is less than social assistance benefits. Often, low-income working families are not eligible for the supplementary health, dental or prescription drug benefits provided to families receiving social assistance. Some have difficulty paying work-related expenses such as child care, clothing and transportation. Income taxes, Employment Insurance premiums and Canada Pension Plan contributions further reduce their employment income.

These barriers to employment create a “welfare wall” for many families on social assistance. Despite their best efforts, many families who rely on social

assistance have found it difficult to get out of the welfare system and into employment. These financial factors are often compounded by education and life skill barriers that such clients face before they can exit the welfare system.

Governments have been working to make their policies and programs more equitable and to ensure that people are better supported in their efforts to get back into, and stay in, the labour market. Helping all parents, including single parents, find and keep jobs is the best strategy for reducing the impacts of low income on all families. By making more income and other benefits and services available outside the welfare system for families with children, many low-income families will find it easier to support their children while in the labour force.

**Table 1: Comparison of Social Assistance and Low-Wage Families before NCB Initiatives**

Social Assistance Family	Low-Wage Family
Benefits increase by number of children	Wages not related to number of children
Shelter allowance based on family size	Typically none
Prescription drug benefits, dental benefits, vision care	Typically none
Social assistance tax-free	Employment income-taxed
No employment deductions	Employment deductions
No child-care expenses	Possible work-related child-care expenses





# Chapter 3

## Where We Began

A review of trends in income and employment shows why the federal, provincial and territorial governments needed to take joint action. The key trends between 1984 and 1996 for families with children under 18 years of age can be summarized in this way:

- changing economic conditions and more families led by lone parents strongly influenced the increase in the number of low-income families;
- the total number of families living on low income declined between 1984 and 1989; however, by 1993, the incidence increased to the 1984 level and has since remained about the same;
- the real incomes of low-income families remained constant while the incomes of non low-income families increased;
- since 1990, low-income families were less likely to be employed and, if they were employed, were less likely to have worked full time, resulting in declining real earnings;
- as a result of declining employment and earnings, reliance on welfare increased; and
- government transfers became increasingly important to low-income families.

Currently no consensus exists on a single measure of low income. This report uses both pre-tax Low-Income Cut-Offs (LICOs) and the post-tax Low-Income Measure (LIM). While these two measures show different numbers of families living on low income, they often show similar trends. In future, the new Market Basket Measure (MBM) should prove a useful complement for reporting on low-income trends.

### Measuring Low Income

There are several different measures of low income used in Canada, and in recent years there has been considerable debate about how to define and measure poverty. Some people believe low income means lacking enough income to buy the basic necessities of life, such as food, shelter and clothing. Others take the view that it means not having enough income to participate fully in their communities. Still others believe low income begins somewhere in between.

The two most widely used indicators are Statistics Canada's Low-Income Cut-Offs (LICOs) and the Low-Income Measure (LIM). Both are relative measures that establish a dollar figure below which a family is considered to be living on low income. They can be reported on pre- or post-tax income.

LICOs indicate the income levels where families spend significantly more of their income on basic needs (food, shelter and clothing) than the average family. The size of the family and community are taken into account, but geographical cost-of-living differences are not. LICOs are usually reported using pre-tax income.

The LIM was developed as an alternative to the LICOs. It considers a family to be low income if its income, adjusted for family size (number of adults and children), is less than half the median income (the point at which half of all families are above and half are below).

The post-tax-and-transfer LIM is similar to measures used in international comparisons, but it does not reflect geographical differences in living costs across Canada.

## Another Low-Income Measure

The Market Basket Measure (MBM) is a new measure currently being developed by federal, provincial and territorial governments.

Once fully developed, the MBM should prove a valuable complement to existing measures in tracking low income in Canada.

The MBM identifies income levels required for a basic, adequate standard of living that is above subsistence level. Since these income levels are based on the actual costs of goods and services, this kind of measure is often referred to as an "absolute" measure of low income.

While the LIMs and LICOs look at a family's income compared to the incomes of other families, the MBM is based on the actual costs of the basic essentials of life (food, clothing and shelter) as well as other purchases (e.g., telephone services) widely viewed as unacceptable for anyone to be without. Compared to existing measures, the MBM more precisely reflects differing living costs as a result of geographic location.

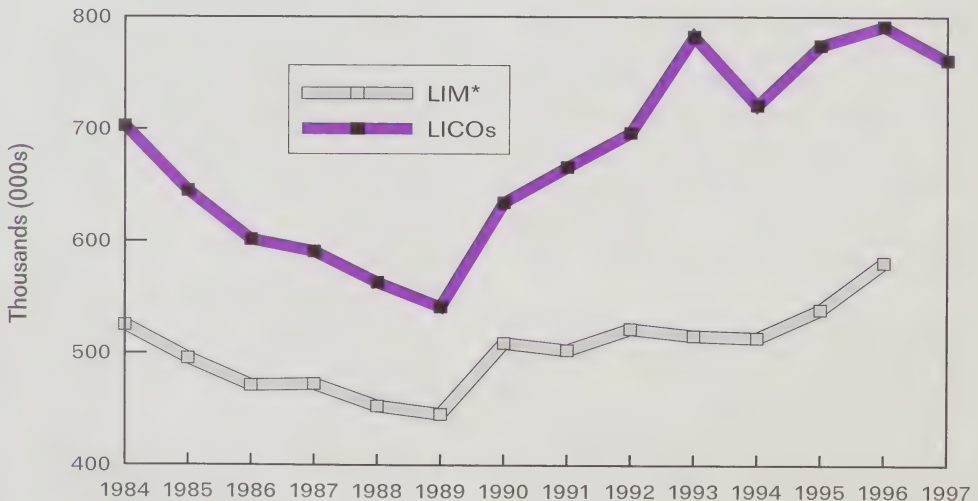
Families without enough income to pay for this "market basket" of goods and services, after accounting for taxes and extraordinary expenses for child care and health care, are considered to be living on low income.

## More Low-Income Families

The number of families living on low income is strongly influenced by economic conditions and population changes. Between 1984 and 1989, the total number

of low-income families with children under 18 years of age declined. Between 1989 and 1993, the number rose sharply to about the 1984 level. Since 1993, the number has remained relatively constant. Two main factors caused this initial decline and then substantial growth.

Figure 1: Number of Low-Income Families with Children  
LICOs and LIM\* — 1984 to 1997

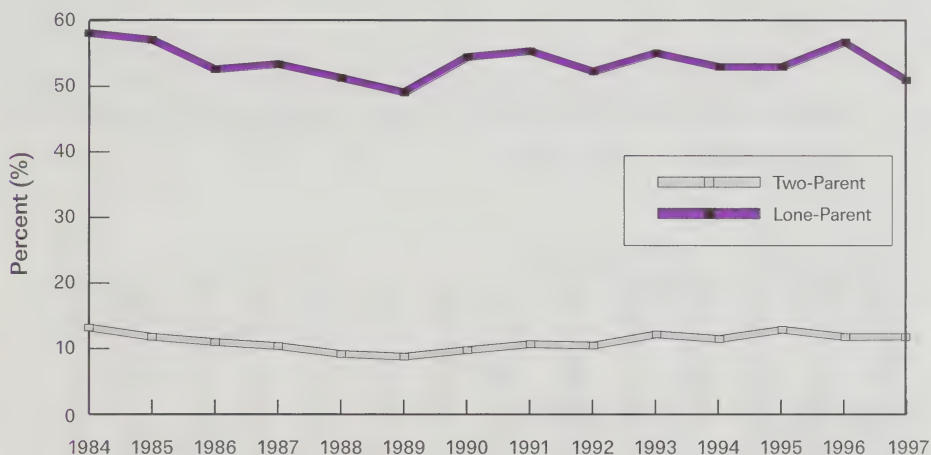


\* Post-tax statistics for 1997 will not be available until summer 1999.



First, the economy: during economic expansion up to 1989, the rate of low income for both two-parent and lone-parent families fell substantially. Then, with the start of the recession in the early 1990s, it rose again. Figure 2 shows this pattern for both types of family, using the LICO as the measure of low income.

Figure 2: Incidence of Low Income for Two-Parent and Lone-Parent Families with Children, LICOs — 1984 to 1997



Second, the proportion of all families with children under 18 years of age headed by a lone parent was increasing over this period — from 14 percent in 1984 to 18 percent in 1997. As Figure 2 shows, the proportion of lone-parent families living on low income is significantly higher than the proportion of two-parent families. With the increase in the number of lone-parent families with children there has been increasing pressure on the overall rate of low income.

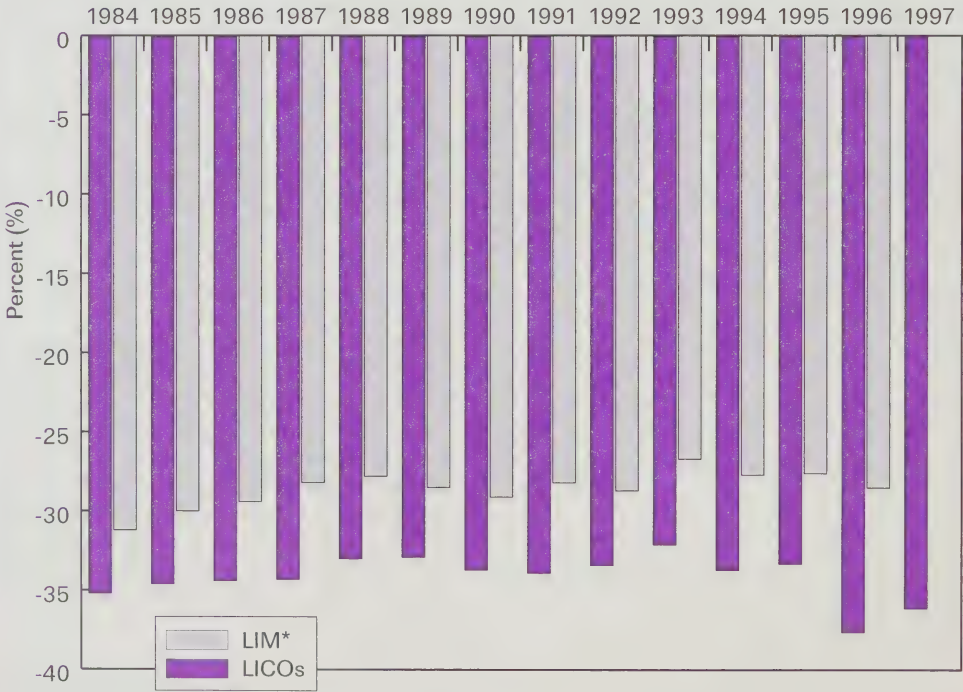
Thus, both the rising proportion of lone-parent families and the recession of the early 1990s contributed to the growth in the total number of low-income families with children.

# No Improvement in Income for Low-Income Families

Between 1984 and 1989, the average total real income of all Canadian families with children under 18 increased. Then, as Canada's economy went into a recession in the early 1990s, the average family income fell and, by 1997, was still below its peak in 1989. However, for

low-income families, real average income remained about the same over the 1984 to 1997 period, with average incomes about 30 percent below the low-income threshold. Thus, while the number of low-income families rose, the depth of poverty remained relatively constant.

Figure 3: Incomes of Low-Income Families with Children, Percentage below Low-Income Lines LICOs and LIM\* — 1984 to 1997

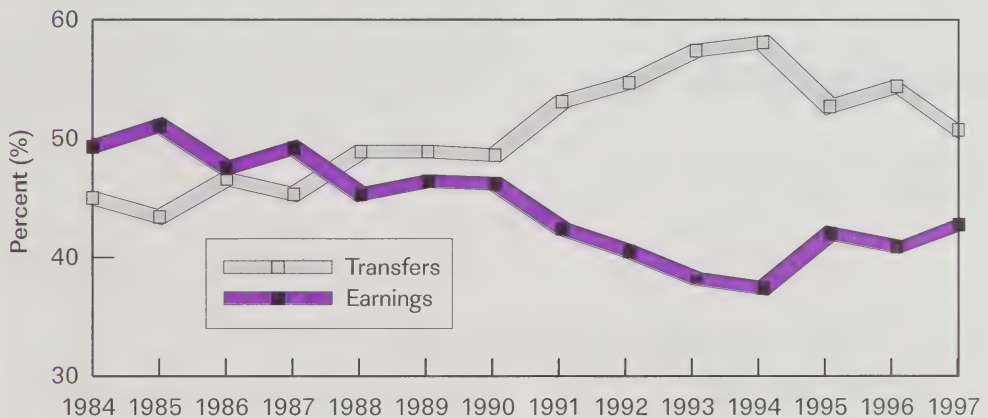


\* Post-tax statistics for 1997 will not be available until summer 1999.

## Declining Employment and Increasing Importance of Government Transfer Payments

During the 1990s, the percentage of low-income families that were employed at any point during the year declined. Among those employed, increasing numbers found themselves in part-time, contract, temporary and self-employment situations.

Figure 4: Sources of Family Income, Low-Income Families with Children, LICOs — 1984 to 1997



As low-income families saw their employment income decline in real terms, they depended more and more on government transfers such as child benefits, employment insurance and social assistance. With total family income remaining constant between 1984 and 1997, the decline in earnings was offset by growth in government transfers, such that by 1997, low-income families were more reliant on these transfers.

## Increased Use of Welfare

Over the period, increasing numbers of low-income families with children came to depend on social assistance. The percentage of low-income families receiving welfare benefits at some point during the year increased substantially, although many were on social assistance for only part of the year. Caseloads began to decline in the mid-1990s. This was in part due to improved economic conditions, but was also influenced by changes in social assistance policies, including benefit adjustments and an emphasis on encouraging people to move into the labour market or into education and training.

## Policy and Program Implications

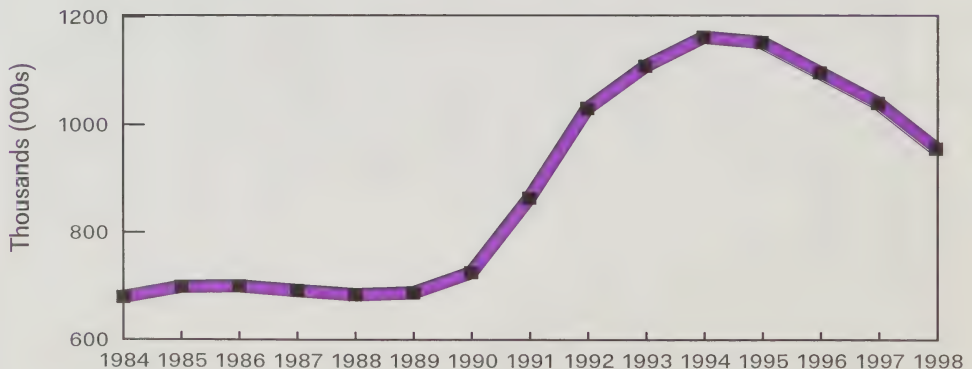
The trends presented here reveal that more families with children are living on

low income today than in the late 1980s because of the growth in the number of families, the increasing proportion of lone-parent families and lower levels of participation in the labour market. As a result, low-income families are more dependent on government transfers but are not better off financially.

These trends signal the need for a changed approach to tackling the problem of child poverty — one that encourages and enhances employment and earnings and reduces reliance on passive income support programs. The National Child Benefit has been designed specifically to respond to these challenges.

Information presented in this chapter highlights trends in low income, labour force participation and social assistance dependency. More detailed information on these trends can be found in the internet appendices indicated in Appendix 3.

Figure 5: **Number of Children on Social Assistance**  
1984 to 1998





# Chapter 4

## The National Child Benefit Initiative

Canada's federal, provincial and territorial governments share a commitment to lowering the welfare wall, encouraging self-sufficiency and preventing and reducing poverty for families with children. In June 1996, First Ministers agreed that action against child poverty would be a collective priority. They identified support for low-income families as critical to helping parents better meet the needs of their children.

Federal, provincial and territorial governments designed the National Child Benefit (NCB) initiative to work toward three goals:

1. help prevent and reduce the depth of child poverty;
2. promote attachment to the labour market by ensuring that families will always be better off as a result of working; and
3. reduce overlap and duplication by harmonizing program objectives and benefits and simplifying administration.

### National Child Benefit Operating Principles

As a shared effort between governments, the NCB combines the strengths of a national program with the flexibility of provincial and territorial initiatives designed to meet the specific needs of and conditions within each jurisdiction.

Federal, provincial and territorial governments have agreed on a set of operating principles to guide the development and implementation of the NCB. These state that the NCB:

- is a partnership between the federal and provincial/territorial governments;
- requires a significant, incremental and permanent federal investment, as well as appropriate and complementary provincial and territorial investments benefiting children in low-income families;
- will be developed through a staged approach, with the initial investment representing a starting point to a more significant investment in the future — an investment that is sufficient to remove benefits for children from the welfare system;
- involves provincial and territorial governments reinvesting social assistance funds, made available by the federal government's investment in low-income families with children, in a manner consistent with NCB objectives;
- will see provinces and territories exploring whether incremental funds can be devoted to the provincial/territorial component of the NCB, fiscal resources permitting;
- will not reduce the overall level of income support for families which receive social assistance;

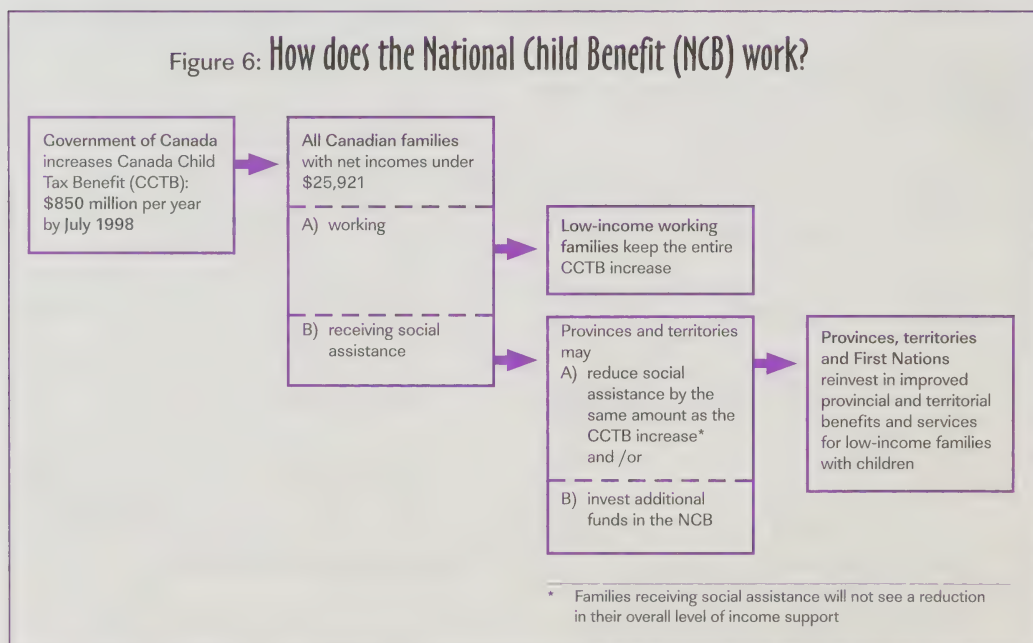
- will simplify administration and delivery of children's benefits by governments, and simplify receipt of benefits for families with children; and
- is considered one of a number of measures that need to be employed as part of a comprehensive approach to child poverty.

Governments recognize that the NCB is just one of many factors that can affect child poverty. Changing family structures, national and international economic trends and changes in other social programs can also affect the incomes and employment of low-income families. The NCB is one of a number of efforts needed to create an economic and social environment that enables children to become healthy and successful citizens.

## How It Works

Under the NCB, action is being taken by federal, provincial and territorial governments and by First Nations. The federal government is increasing the income support it provides to low-income families with children. This provides a basic level of income support for children whether their parents are in the labour market or receiving social assistance. In turn, provinces, territories and First Nations have adjusted the support they provide to families with children through social assistance and invested in new and enhanced benefits and services that meet the objectives of the NCB. Now that a basic benefit for children that is not tied to the social assistance system is provided, parents will find it easier to move into and stay in employment.

Figure 6: How does the National Child Benefit (NCB) work?



## Federal Component

As an initial contribution to the National Child Benefit initiative, the Government of Canada committed \$850 million per year to increase child benefits for low-income families with children. In 1998-99, this additional investment resulted in an increase in benefits for about 1.4 million Canadian families with 2.5 million children.

The Government of Canada combined two existing programs - the Child Tax Benefit and the Working Income Supplement - into one benefit: the Canada Child Tax Benefit (CCTB). The

new CCTB has two main elements: the base benefit, which is paid monthly to 80 percent of all Canadian families with children, and the National Child Benefit (NCB) Supplement, which goes to low-income families with children.

The CCTB amount payable to each family is determined through the income tax system based on the previous year's family income and is automatically adjusted in July of each year. In 1998-99, the base benefit is available to families with incomes of up to \$66,721 (in the case of a two-child family), and the NCB Supplement is available to families with incomes of up to \$25,921 per year (in the case of a two-child family).

**Table 2: Total Maximum CCTB Benefits Payable from July 1998 to June 1999**

	Maximum Base Benefit**	+	Maximum NCB Supplement	=	Total Canada Child Tax Benefit
1 child	\$1,020		\$ 605		\$1,625
2 children	2,040		1,010		3,050
3 children	3,135		1,340		4,475
4 children	4,230		1,670		5,900
* Recipients in Alberta receive different maximum amounts depending on the age of their children.					
** Amounts do not include the \$213 annual per child supplement for children under age seven with no child care expense claim.					

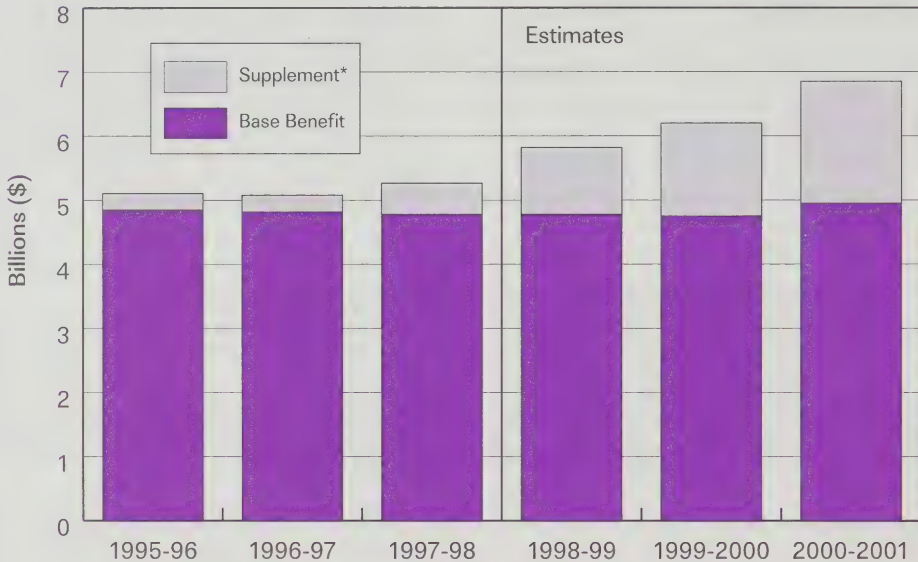
Figure 7 shows the actual and projected annual expenditures on the CCTB from 1995-96 to 2000-01. For 1998-99, the value of the NCB Supplement is expected to reach \$1.02 billion. This includes \$760 million in new funding, plus \$260 million in existing funding for the Working Income Supplement.

In addition to the \$760 million provided to low-income families with children through the NCB Supplement as part of the CCTB, \$66.5 million in funding is being devoted to the following items in 1998-99: transitional funding to ensure that families on social assistance do not experience a drop in overall income

support as a result of the NCB; an increase in the Children's Special Allowance for children in care of governments; and NCB-related income benefits provided to First Nations communities on reserve. This brings total

projected new expenditures to approximately \$825 million in the 1998-99 benefit year, which is about \$25 million less than projected, primarily due to stronger than expected economic growth.

Figure 7: Total Annual Expenditures, Canada Child Tax Benefit  
1995-96 to 2000-01 (July - June)



\* Includes the former Working Income Supplement (WIS) for the years 1995-96 to 1997-98.

## SUMMARY OF CHANGES TO THE CANADA CHILD TAX BENEFIT (CCTB)

**July 1997** The Working Income Supplement (WIS) was enriched and restructured. The maximum WIS increased from \$500 per family to \$605 for the first child, \$405 for the second child and \$330 for each subsequent child.

- Increase of \$195 million in annual benefits.

**July 1998** The National Child Benefit Supplement replaced the WIS. The maximum NCB Supplement was fixed at \$605 for the first child, \$405 for the second child and \$330 for each subsequent child.

- Increase of \$665 million in annual benefits.



**Table 3: National Child Benefit Supplement Paid to Low-Income Families with Children for 1998-99\***

Jurisdiction	Estimate for July 98 - March 99 (in \$ millions) 9 months	Estimate for benefit July 98 - June 99 (in \$ millions) 12 months	Estimated monthly average number of children receiving the Supplement
Newfoundland and Labrador	18	24	51,081
Prince Edward Island	4	5	10,990
Nova Scotia	27	36	78,994
New Brunswick	22	30	63,639
Quebec	185	247	547,469
Ontario	263	350	788,753
Manitoba	36	48	110,284
Saskatchewan	35	47	108,621
Alberta	71	95	219,218
British Columbia	102	136	298,686
Northwest Territories	3	4	8,531
Yukon	.7	1	2,459
Total**	767	1,023	2,289,465

\* Estimates provided by Human Resources Development Canada based on Revenue Canada administrative data.  
 \*\* Totals include Canadian beneficiaries living abroad.

**July 1999** The NCB Supplement will increase by \$180 per child, to reach \$785 for the first child, \$585 for the second child and \$510 for each subsequent child. The income threshold at which the NCB Supplement is phased out will be extended to \$27,750 from \$25,921.

- Increase of \$425 million in annual benefits (for families with up to three children).

**July 2000** The NCB Supplement will increase by \$170 per child, to reach \$955 for the first child, \$755 for the second child and \$680 for each subsequent child. The income threshold at which the NCB Supplement is phased out will be extended to \$29,590 from \$27,750. This enrichment will provide increased benefits to 1.4 million families with 2.5 million children (for families with up to three children).

- Increase of \$425 million in annual benefits.

The income threshold at which the base CCTB begins to be phased out will be increased to \$29,590 from its current level of \$25,921. This will provide increased benefits to 2 million families with incomes over \$25,921.

- Increase of \$300 million in annual benefits.

## Provincial and Territorial Component

When the National Child Benefit initiative was first established, governments agreed in principle that social assistance savings would be reinvested to benefit low-income families with children. To reduce barriers to leaving social assistance, most provinces/territories<sup>3</sup> adjusted their social assistance payments when the National Child Benefit Supplement was introduced.

Funds that were made available as a result of provincial and territorial social assistance adjustments were reinvested in improved benefits and services for low-income families. These funds are called NCB reinvestments in Table 4. The result of these changes was that many low-income families with children received new federal financial support and new provincial benefits and services. First Nations followed a similar approach by adjusting social assistance benefits and reinvesting in community-based initiatives for low-income families with children.

The National Child Benefit initiative builds on significant prior investments by a number of provinces and territories to support low-income families with children. In addition, several provinces and territories used the National Child Benefit initiative as an opportunity to commit additional provincial and territorial resources into related initiatives. These funds are described in Table 4 as “Additional Provincial, Territorial and First Nations NCB Investments.”

Families on social assistance continue to receive at least the same combined federal and provincial/territorial basic income support as before. This system is intended to reduce barriers to moving from social assistance to employment and help low-income families stay in the labour force. Many families which rely on social assistance do not do so continuously. Therefore, while they may not experience an increase in income while receiving social assistance, they would be better off at other times of the year because the National Child Benefit Supplement is paid regardless of the family's source of income. They may also benefit from other NCB investments.

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3 New Brunswick and Newfoundland and Labrador chose to maintain social assistance payments at their previous levels. Both provinces also invested new provincial funds in programs benefiting low-income families. Newfoundland and Labrador's new investments equalled the amount that would have been available for reinvestment had social assistance payments in that province been adjusted.

The Government of Quebec chose not to participate in the National Child Benefit initiative, but has acted on its own in a comparable way. Quebec residents benefit from the increased Canada Child Tax Benefit in the same way as other Canadians. Quebec's reinvestments are not reflected in figures presented in this report.

**Table 4: Estimated Provincial/Territorial and First Nations Reinvestments by Jurisdiction**

<b>Jurisdiction*</b>	<b>1998-99 Estimates (\$ millions)</b>	<b>Full Benefit Year Estimates (\$ millions)</b>
Newfoundland and Labrador <sup>□</sup>	--	--
Prince Edward Island	.8	1.3
Nova Scotia	11.2	15.2
New Brunswick <sup>□</sup>	--	--
Ontario	117.0	156.0
Manitoba	10.8	14.0
Saskatchewan	11.3	15.0
Alberta	13.5	21.2
British Columbia	60.2	80.0
Yukon	.1	.2
Northwest Territories	1.4	2.1
First Nations on reserve	24.1	33.0
<b>Total</b>	<b>250.5</b>	<b>338.2</b>
Additional Provincial and Territorial and First Nations NCB Investments**	54.7	Not available
<b>Total NCB Investments</b>	<b>305.2</b>	<b>Not available</b>

\* Figures for Quebec are not included.

<sup>□</sup> Newfoundland and Labrador and New Brunswick do not have reinvestment envelopes because they did not adjust social assistance benefits in 1998-99 to offset the NCB. However, Newfoundland and Labrador invested \$7.8 million and New Brunswick invested \$2.1 million in NCB initiatives.

\*\* Additional information on these investments can be found in Appendix 2.

Provinces, territories and First Nations on reserve are estimated to have reinvested about \$251 million from adjustments to social assistance funding during 1998-99. This translates into about \$338 million per year on a full-year basis, invested in programs and services benefiting children in low-income families. In

addition, in 1998-99, provinces and territories are investing about \$55 million over and above their reinvestments.

Figure 8 shows total estimated provincial, territorial and First Nations expenditures for the fiscal year 1998-99, including reinvestments and additional investments.

In the selection of reinvestment strategies, provinces and territories are guided by the National Reinvestment Framework agreed to by Social Services Ministers. Under the Reinvestment Framework, provinces and territories have the flexibility to make decisions on reinvestments and investments that respond to their needs and priorities while meeting the objectives of the National Child Benefit. Many provinces and territories based their reinvestment decisions on formal or informal consultations or included them as part of a broader-based redesign of income supports. These reinvestments, combined with NCB investments, provided new or enhanced supports for low-income families in key areas such as:

- *Child Benefits and Earned Income Supplements:* A number of provincial/territorial reinvestment strategies include directing funds to children's benefits regardless of the family's source of income. Earned income supplements are paid to working families, which provide them with additional resources to help with the added costs of employment.
- *Child/Day Care:* Funds directed to child-care services allow more low-income working families to gain access to these supports or to have their share of child-care costs reduced. These strategies are assisting low-income families with the additional costs of work.
- *Early Childhood Services and Children-At-Risk Services:* Reinvestment funds are being directed to early intervention programs to help give children a healthy start in life. These

include nutritional programs, prenatal screening programs, recreational programs and community programs for youth.

- *Supplementary Health Benefits:* These reinvestment strategies provide low-income families with additional benefits for their children outside of the social assistance system, helping with the transition to employment. Some of the items covered include prescription drugs, dental and optical care.
- *Other:* In this category are reinvestments by First Nations and Ontario municipalities as well as other programs and services for low-income families with children that address National Child Benefit objectives.

Provincial and territorial NCB initiatives are generally fully operational. However, a number of these new benefits and services have taken longer to implement than was originally anticipated. This is particularly the case with programs that are community-based or require their own application processes, such as with health benefits. All provinces and territories remain strongly committed to having all social assistance savings reinvested and reinvestment programs functioning in the shortest possible time. Actual expenditures will be available in the next NCB report expected in the fall of 2000.



Figure 8: Provincial/Territorial and First Nations Estimated Expenditures on National Child Benefit Initiatives by Jurisdiction, 1998-99  
\$305.2 million

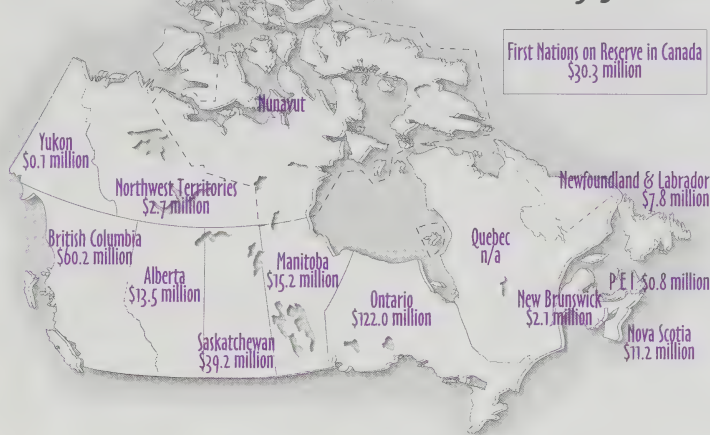


Table 5: Summary of Provincial/Territorial and First Nations NCB Initiatives, by Program Area, for Canada, 1998-99 (June-July)

Program Area	1998-99 Initiative (\$ millions)	Jurisdictions
Child benefits and earned income supplements	\$95.0	Nova Scotia, Saskatchewan, British Columbia, Northwest Territories
Child/day care	\$120.2	Newfoundland and Labrador, Prince Edward Island, Nova Scotia, Ontario, New Brunswick, Manitoba, Alberta, British Columbia
Supplementary health benefits	\$9.6	Newfoundland and Labrador, Saskatchewan, Alberta, Yukon
Early childhood services and children-at-risk services	\$13.8	Newfoundland and Labrador, Prince Edward Island, Nova Scotia, Manitoba, British Columbia, Yukon
Other*	\$66.6	Newfoundland and Labrador, Prince Edward Island, Ontario, Manitoba, Alberta, British Columbia, First Nations
Total	\$305.2	

\* This includes \$22 million for Ontario municipal investments, \$6.6 million for Alberta which is being carried forward to future fiscal years and \$30.3 million for First Nations on reserve.

## Examples of Provincial/Territorial NCB Initiatives

### Child Benefits and Earned Income Supplements

The Nova Scotia Child Benefit is providing an annual cash payment of \$250, \$168 and \$136 respectively for the first, second and each subsequent child in a low-income family.

The Saskatchewan Child Benefit is providing a monthly allowance for all children of low-income families. It is assisting low-income working families with the cost of raising children and helping them remain in the workforce.

The BC Earned Income Benefit is a new employment incentive program, which together with the BC Family Bonus, is making it more attractive for those on welfare to seek work and remain employed.

The NWT Child Benefit is paid to all low-income families, and those with more than \$3,750 in working income in the previous year also receive the Territorial Working Supplement.

### Child/Day Care

Newfoundland and Labrador's Child Care Subsidy Program is providing more day-care subsidies and is increasing subsidy rates.

The PEI Child Care Benefit is increasing the per diem subsidy amounts and adjusting the sliding fee scale to provide greater access to the program.

The New Brunswick Day Care Subsidy Program is providing an additional 200 to 400 spaces. An additional 200 spaces are available for alternative child care, benefiting parents working shifts and weekends.

The Ontario Child Care Supplement for Working Families is providing low- to modest-income families with children under the age of seven with a maximum benefit of \$1,020 per child annually for child-care costs.

### Supplementary Health Benefits

The Alberta Child Health Benefit is a new program providing supports outside the welfare system to low-income children for prescription drugs, dental, optical care, ambulance and diabetic services.

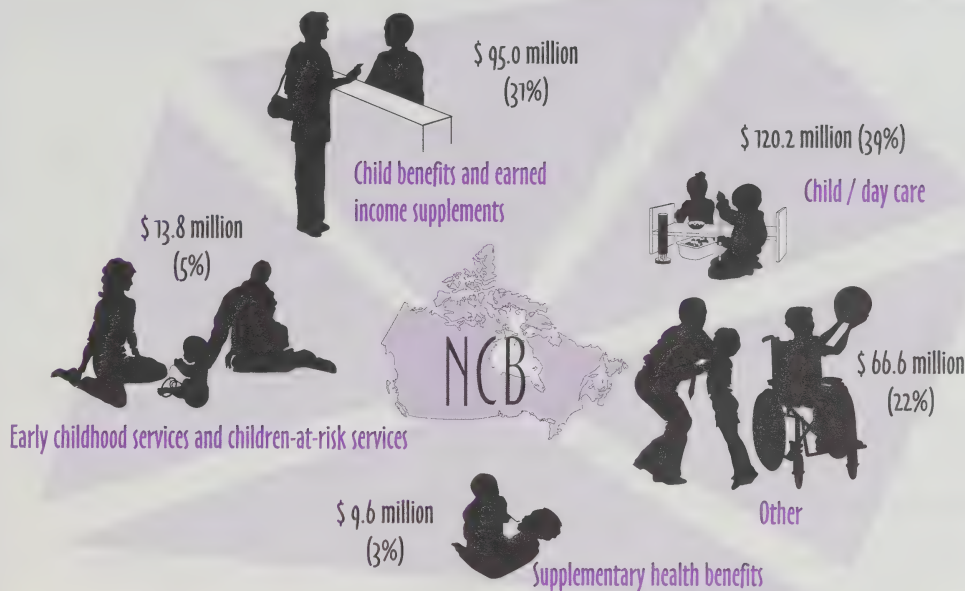
### Early Childhood Services and Children-at-Risk Services

The Yukon's Food for Learning program is providing funds for meals or snacks for children at school who do not have food from home.

Manitoba has developed the Women and Infant Nutrition (WIN) program that provides nutrition information and counselling to low-income families. The WIN program offers a \$65 monthly supplement to expectant mothers and mothers with infants on social assistance.

Figure 9: Summary of Provincial/Territorial & First Nations NCB Initiatives  
by Program Area, 1998-99

Total: \$305.2 million



## First Nations Component<sup>4</sup>

First Nations play a unique and significant role in the National Child Benefit in that they, for the most part, administer the reinvestment component of the initiative on reserves. First Nations have also made adjustments to social assistance programs administered on reserves, and First Nations communities have decided how to reinvest these funds to meet the needs of their families and children. First Nations families receiving social assistance continue to receive the

same amount of income support as before while, at the same time, they are eligible to benefit from new, community-based reinvestment initiatives.

In consultation with the Department of Indian Affairs and Northern Development, a wide variety of innovative reinvestment initiatives has been developed in First Nations communities. These programs and services are consistent with the objectives of the National Child Benefit. At the same time they address the specific needs

4 This section provides information concerning First Nations who administer social assistance on reserve through the Department of Indian Affairs and Northern Development. Other low-income Aboriginal families with children receive benefits through the CCTB and through provincial and territorial governments. The National Child Benefit represents one of a number of measures that need to be employed as part of a comprehensive approach to improving the circumstances of Aboriginal families and children on and off reserve. The federal government as well as provinces and territories will work with Aboriginal groups to ensure that the needs and circumstances of Aboriginal people are considered in the National Child Benefit initiative.

of low-income families with children living on reserves. They include programs such as income support, child care, child nutrition, parenting, family services, recreation, youth development, clothing outlets and training and employability skills.

More detailed information on First Nations, provincial and territorial programs and services in the National Child Benefit initiative can be found in Appendix 2 and on the internet. See Appendix 3.

## Program Harmonization

Governments committed to reduce overlap and duplication by harmonizing program objectives and benefits and simplifying administration.

Program harmonization focuses on organizing programs and services around the needs of people to provide more effective programs and services to clients. Harmonization can make it easier for people to understand how programs work and makes clearer the roles of different governments. It can also increase the stability of benefits people receive from different levels of government because federal and provincial/territorial income supports are beginning to be linked, each taking the other into account. One example of a benefit of program harmonization is the identification of people who are eligible for benefits but who have not been receiving them.

There has been substantial progress made toward achieving the goal of reduced overlap and closer harmony of federal, provincial and territorial programs for children. The first steps have been taken to make program objectives and benefits more consistent across the country and to simplify program administration. For

example, several jurisdictions are already using the Canada Child Tax Benefit mechanism of Revenue Canada to deliver additional benefits to residents in their jurisdictions with combined monthly payments.

## Summary

While Canada's federal, provincial and territorial governments have long provided benefits to families with children, the National Child Benefit marks a significant change in several ways.

- It represents a significant new investment in Canada's children.
- The National Child Benefit Supplement provides additional federal benefits to low-income families that, combined with provincial and territorial investments, help make employment a better option than social assistance.
- It provides children's benefits outside the social assistance system, which eliminates a major barrier to leaving social assistance.
- It maintains the level of total child benefits received by families with children on social assistance.
- By reinvesting funds from their social assistance systems and, in some cases, by adding additional resources, provinces and territories are providing new and/or enhanced services and supports tailored for low-income families.
- It marks a basic shift of income support for children from provincial or territorial social assistance programs to the National Child Benefit Supplement, which is designed to be non-intrusive, administratively efficient and consistent across Canada.



# Chapter 5

## Monitoring Progress

One of the key purposes of future National Child Benefit reports will be to monitor program activities and the results they generate, and to present research and evaluation results that will indicate whether the initiative's goals are being met. Monitoring is essential to ensure there is accountability to the public for the funds invested in the NCB. Federal, provincial and territorial governments are committed to reporting on and evaluation of the National Child Benefit, particularly since its program activities are still evolving.

### Indicators of Program Activities

This report describes National Child Benefit activities and outlines the funds being invested and program activities being undertaken (Chapter 4 and Appendices 1 and 2). Future progress reports will report on program expenditures and activities and provide updates on the evolution of NCB-related programs and services.

### Indicators of Progress

The National Child Benefit was created to help prevent and reduce the depth of child poverty; promote labour market attachment; and reduce overlap and duplication between government programs. A number of indicators are being considered for tracking progress made

toward these goals. Several may be needed, since progress toward meeting the goals of the National Child Benefit initiative may not be captured by any single indicator.

The challenge in assessing these indicators will be to determine to what extent the National Child Benefit initiative is responsible for future changes to the depth of low income and to the labour market participation of low-income families. The influences on child poverty and labour force participation are complex, and it will not be easy to separate the effects of the National Child Benefit from demographic and economic changes that will have a significant influence in both the short and longer term.

The progress indicators outlined below are a starting point for assessing the key social and economic trends related to the goals of the NCB. Future progress reports will track the evolution of these indicators and will report on other possible indicators that would more precisely monitor the direct impact of the NCB initiative in terms of its stated objectives. In addition, more qualitative and quantitative analysis will be undertaken through evaluation and research work to better understand the influence and impact of the National Child Benefit.

Chapter 3 presents trends for some of these indicators over the 14-year period before the introduction of the NCB.

NCB Goals	Progress Indicators
1. Help prevent and reduce the depth of child poverty	<ul style="list-style-type: none"> <li>• Reduction in the depth of low income due to National Child Benefit-related transfers.</li> <li>• Additional indicators: <ul style="list-style-type: none"> <li>• Number of low-income children and families.</li> <li>• Incidence of low income among families with children.</li> <li>• Depth of low income among families with children (percentage that family income is below low-income thresholds).</li> </ul> </li> </ul>
2. Promote labour market attachment	<ul style="list-style-type: none"> <li>• Percentage of low-income parents who are employed during the year.</li> <li>• Average weeks worked by parents of low-income families.</li> <li>• Percentage of weeks worked full time by employed low-income families.</li> <li>• Average earnings of employed low-income families as a percentage of the low-income thresholds.</li> <li>• Percentage of low-income families on social assistance during the year.</li> <li>• Social assistance benefits for families with children as a percentage of total family income.</li> </ul>
3. Increase harmonization and reduce overlap and duplication of federal, provincial and territorial programs	<ul style="list-style-type: none"> <li>• Indicators have yet to be developed. They likely will be both qualitative and quantitative and reflect key delivery issues such as payment systems, information sharing, reinvestment program design and delivery.</li> </ul>

## Evaluation and Research

Federal, provincial and territorial governments are committed to evaluation of the National Child Benefit to help determine program effectiveness. A co-ordinated approach to evaluation will also provide a rich information base for learning about what works and for sharing effective practices.

Evaluation of the National Child Benefit will need to consider the combined impact of its two major components: enriched federal child benefits, and the

broad range of provincial, territorial and First Nations reinvestment programs.

Evaluation and research will examine the combined effect of preventing and reducing child poverty and promoting labour market attachment and will assess progress toward harmonization.

Federal, provincial and territorial governments believe the National Child Benefit initiative will have a positive long-term effect. However, economic and social trends will always have an impact on outcomes. For this reason, the success of the NCB initiative will be examined in the larger context through both evaluation and research.

# Chapter 6

## The Way Ahead

During 1999 and in future years, significant additional steps will be taken to enhance the National Child Benefit.

Many provinces and territories based their reinvestment decisions on formal or informal consultations or included them as part of a broader-based redesign of income supports.

### Future Enhancements

As part of the 1999 federal budget, the benefit levels and structure of the federal government's second phase of the NCB initiative were announced.

- Funding for the National Child Benefit Supplement will be increased by \$425 million in July 1999 and an additional \$425 million in July 2000.
- The maximum level of the NCB Supplement will increase by a total of \$350 per child—by \$180 in July 1999 and an additional \$170 in July 2000.
- This will result in maximum annual Canada Child Tax Benefit amounts of \$1,975 for the first child and \$1,775 for each additional child.

Provincial and territorial governments and First Nations on reserve will enhance their investments in services and supports for low-income families with children as they realize additional funding through the federal enhancements and make additional programming commitments.

Reinvestments will be announced through provincial and territorial budgets or other announcements this spring. A joint update on 1999-2000 reinvestments will be released by July 1999.

### Conclusion

Although it is early in the National Child Benefit initiative's history, federal, provincial and territorial governments believe it is already having a positive impact on the lives of Canadian children growing up in low-income families. As the initiative is enhanced and its medium- and long-term effects begin to emerge, future progress reports will present data showing those effects.

This report was compiled during the early months of the National Child Benefit initiative, and already a great deal has been accomplished. The new National Child Benefit Supplement has been introduced and is providing benefits to thousands of Canadian families. Provinces, territories and First Nations have adjusted their social assistance systems and are reinvesting in new benefits and services.

Future NCB reports will outline what is accomplished over coming months and years in achieving the National Child Benefit initiative's goals, including the continuing effort to reduce overlap and harmonize programs.

Evaluation, feedback from stakeholders and the public, and flexibility to adjust the National Child Benefit over time are important characteristics of the initiative that will ensure it remains relevant to changing economic and social circumstances. The National Child Benefit initiative will be monitored and refined on an ongoing basis to make sure it helps prevent and reduce the depth of child poverty, promotes attachment to the labour market and reduces overlap and duplication of government programs.

In the long run, success will be measured by the increasing number of Canadian children who grow into healthy and successful participants in their communities.

Over the coming months, additional research and evaluation activities will add to our understanding of the nature of child poverty and how to reduce it.

Ministers will provide future updates on the National Child Benefit initiative, and annual progress reports will be published starting in the fall of 2000.

## Invitation to Dialogue

Canada's federal, provincial and territorial governments want to hear from Canadians about the National Child Benefit initiative, how it is working and how it can be improved. An Internet site has been established to help achieve this goal. It is located at <http://socialunion.gc.ca> and provides information on the National Child Benefit, as well as an opportunity for visitors to submit questions and comments. Comments can also be directed to:

National Child Benefit  
Box 307  
Ottawa ON  
K1A 0J9



# Appendix 1

## Government of Canada Statistics

### Introduction

The information contained in this appendix was obtained from Revenue Canada data on the Child Tax Benefit. The data are based on Revenue Canada tabulations of the Child Tax Benefit (CTB) and Working Income Supplement (WIS) over three benefit years, which run from July to June.

The Child Tax Benefit was introduced in 1993 as an income-tested benefit to replace the Family Allowance and refundable and non-refundable child tax credits.

The WIS was also introduced in 1993 to provide greater income support and to improve work incentives to low-income working families. The WIS paid up to \$500 per family for those families with earned income between \$3,750 and \$25,921. The changes to the CTB and WIS as part of the NCB were made in two phases:

- enhancement and restructuring of the WIS in 1997-98; and
- replacement of the CTB and WIS with the Canada Child Tax Benefit (CCTB) in 1998.

The tables show the value of the CTB and WIS for the benefit years 1995 to 1997, and the CCTB for the benefit year 1998. They also show benefits by family status and family net income.

**Table 1-A: Child Tax Benefit Beneficiaries in Canada, by Family Type, Family Net Income Range and CTB/WIS, 1995-96 Benefit Year (July 1995 to June 1996)**

Family Net Income	Children with CTB*	Families with CTB*	Total \$ CTB* paid	Children with WIS	Families with WIS	Total \$ WIS paid
<b>LONE-PARENT FAMILIES</b>						
\$15,000 or less	789,312	505,357	870,365,141	208,931	141,978	42,868,610
\$15,001 to \$25,921	473,354	270,499	547,228,944	287,217	188,252	62,776,103
More than \$25,921	318,921	209,529	234,476,767	n/a	n/a	n/a
Total**	1,581,587	985,385	1,652,070,852	496,148	330,230	105,644,713
<b>TWO-PARENT FAMILIES</b>						
\$15,000 or less	486,652	241,183	575,917,418	260,387	129,002	48,655,246
\$15,001 to \$25,921	716,029	360,774	876,170,471	588,011	303,579	100,555,424
More than \$25,921	3,253,380	1,664,604	2,000,804,198	16,902	9,285	1,803,909
Total**	4,456,061	2,266,561	3,452,892,087	865,300	441,866	151,014,579
<b>ALL FAMILIES</b>						
\$15,000 or less	1,275,964	746,540	1,446,282,559	469,318	270,980	91,523,856
\$15,001 to \$25,921	1,189,383	631,273	1,423,399,415	875,228	491,831	163,331,527
More than \$25,921	3,572,301	1,874,133	2,235,280,965	16,902	9,285	1,803,909
Total**	6,037,648	3,251,946	5,104,962,939	1,361,448	772,096	256,659,291
* Includes the WIS.						
** Rounding may cause discrepancies in totals.						

Source: Based on Revenue Canada CTB data.

**Note:** In general, CTB payment is based on the recipient's marital status as reported on the previous year's tax return. Accordingly, the family net income is also based on prior-year information.

**Table 1-B: Child Tax Benefit Beneficiaries in Canada, by Family Type, Family Net Income Range and CTB/WIS, 1996-97 Benefit Year (July 1996 to June 1997)**

Family Net Income	Children with CTB*	Families with CTB*	Total \$ CTB* paid	Children with WIS	Families with WIS	Total \$ WIS paid
<b>LONE-PARENT FAMILIES</b>						
\$15,000 or less	811,898	520,447	869,781,333	225,110	152,634	43,907,571
\$15,001 to \$25,921	471,734	267,954	538,911,631	294,077	191,700	62,131,401
More than \$25,921	366,559	236,054	276,385,241	24,036	13,747	3,709,440
Total**	1,650,191	1,024,455	1,685,078,205	543,223	358,081	109,748,411
<b>TWO-PARENT FAMILIES</b>						
\$15,000 or less	557,931	283,677	618,098,984	296,146	150,871	52,687,386
\$15,001 to \$25,921	697,549	351,810	835,456,239	584,411	302,044	97,281,796
More than \$25,921	3,233,735	1,659,457	1,938,896,838	25,055	12,729	2,823,674
Total**	4,489,215	2,294,944	3,392,452,062	905,612	465,644	152,792,856
<b>ALL FAMILIES</b>						
\$15,000 or less	1,369,829	804,124	1,487,880,317	521,256	303,505	96,594,957
\$15,001 to \$25,921	1,169,283	619,764	1,374,367,870	878,488	493,744	159,413,197
More than \$25,921	3,600,294	1,895,511	2,215,282,080	49,091	26,476	6,533,114
Total**	6,139,406	3,319,399	5,077,530,267	1,448,835	823,725	262,541,268
* Includes the WIS.						
** Rounding may cause discrepancies in totals.						

Source: Based on Revenue Canada CTB data.

**Note:** In general, CTB payment is based on the recipient's marital status as reported on the previous year's tax return. Accordingly, the family net income is also based on prior-year information.

**Table 1-C: Child Tax Benefit Beneficiaries in Canada, by Family Type, Family Net Income Range and CTB/WIS, 1997-98 Benefit Year (July 1997 to June 1998)**

Family Net Income	Children with CTB*	Families with CTB*	Total \$ CTB* paid	Children with WIS	Families with WIS	Total \$ WIS paid
<b>LONE-PARENT FAMILIES</b>						
\$15,000 or less	867,804	542,193	984,372,124	226,208	152,611	73,914,341
\$15,001 to \$25,921	390,354	228,112	499,420,959	291,108	188,489	104,333,827
More than \$25,921	361,719	234,030	279,378,711	22,083	11,948	6,542,915
Total**	1,619,877	1,004,335	1,763,171,794	539,399	353,048	184,791,084
<b>TWO-PARENT FAMILIES</b>						
\$15,000 or less	557,756	281,369	698,712,301	287,850	145,847	106,732,450
\$15,001 to \$25,921	672,678	339,572	920,471,319	578,709	298,773	194,151,189
More than \$25,921	3,119,763	1,603,845	1,881,911,895	15,529	3,145	932,403
Total**	4,350,197	2,224,786	3,501,095,516	882,088	447,765	301,816,042
<b>ALL FAMILIES</b>						
\$15,000 or less	1,425,560	823,562	1,683,084,425	514,058	298,458	180,646,791
\$15,001 to \$25,921	1,063,032	567,684	1,419,892,278	869,817	487,262	298,485,016
More than \$25,921	3,481,482	1,837,875	2,161,290,607	37,612	15,093	7,475,318
Total**	5,970,074	3,229,121	5,264,267,309	1,421,487	800,813	486,607,126
* Includes the WIS.						
** Rounding may cause discrepancies in totals.						

Source: Based on Revenue Canada CTB data.

**Note:** In general, CTB payment is based on the recipient's marital status as reported on the previous year's tax return. Accordingly, the family net income is also based on prior-year information.



**Table 2: Canada Child Tax Benefit — Base Benefit and National Child Benefit Supplement Payments for Canada, by Family Type, July 1998 to March 1999\***

	Base Benefit		
	One-parent families	Two-parent families	All families
July 1998 - March 1999	\$1,237,335,846	\$2,325,213,911	\$3,562,549,754

	NCB Supplement		
	One-parent families	Two-parent families	All families
July 1998 - March 1999	433,961,602	332,998,685	766,960,293

	Total CCTB (Base Benefit and NCB Supplement)		
	One-parent families	Two-parent families	All families
July 1998 - March 1999	1,671,297,448	2,658,212,596	4,329,510,047

\* Rounding may cause discrepancies in totals.

Source: Based on Revenue Canada CCTB data.

Provincial/territorial breakdowns of CCTB data are available at <http://socialunion.gc.ca>

**Table 3: Estimate of Canada Child Tax Benefit Payments for Families Receiving the NCB Supplement, by Province/Territory, 1998-99 Benefit Year (July 1998 to June 1999)**

Jurisdiction	1998-99			
	Base Benefit (\$ millions)	NCB Supplement (\$ millions)	Total CCTB Base Benefit and NCB Supplement (\$ millions)	Estimated Monthly Average Number of Children Receiving the NCB Supplement
Newfoundland and Labrador	48	24	72	51,081
Prince Edward Island	10	5	15	10,990
Nova Scotia	72	36	108	78,994
New Brunswick	59	30	89	63,639
Quebec	482	247	728	547,469
Ontario	714	350	1,065	788,753
Manitoba	98	48	146	110,284
Saskatchewan	97	47	144	108,621
Alberta	193	95	287	219,218
British Columbia	277	136	413	298,686
Northwest Territories	9	4	12	8,531
Yukon	2	1	3	2,459
Total**	2,061	1,023	3,083	2,289,465
* Totals include Canadian beneficiaries living abroad.				
** Rounding may cause discrepancies in totals.				

Source: HRDC estimates based on Revenue Canada administrative data.

# Appendix 2

## Provincial/Territorial and First Nations NCB Initiatives

This appendix provides information on the range of provincial/territorial and First Nations NCB initiatives for the 1998-99 fiscal year.

Reinvestment funds, and in some jurisdictions, additional investments, were used to establish new programs and services and/or to enhance existing initiatives for low-income families with children. The appendix does not contain any information for Quebec, which chose not to participate in the National Child Benefit initiative. However, Quebec residents still benefit from the increased Canada Child Tax Benefit.

The total amount of funding available for NCB initiatives is derived from the following sources.

*Social Assistance Recoveries* – jurisdictions estimated the amount of anticipated social assistance recoveries for 1998-99 (for the period after July 1998 to March 1999) and a complete fiscal year. During the initial months of the NCB, a monthly average of approximately 260,000 families on social assistance with 500,000 children experienced this adjustment (Quebec is not included in this estimate). Prince Edward Island, Nova Scotia, Ontario, Manitoba, Yukon and the Northwest Territories chose to consider the NCB Supplement as unexempt income in their welfare programs. Alberta reduced its welfare rates. British Columbia and Saskatchewan rolled the NCB Supplement into their existing or new benefits for children. Newfoundland and Labrador and New Brunswick did not adjust their social assistance benefits. In all

jurisdictions, social assistance families with children did not experience any reduction in their overall level of income support.

*Transitional Funding* – federal and provincial/territorial governments contributed equal amounts to ensure that no families on social assistance who previously received the federal Working Income Supplement experienced a reduction in their overall level of benefits as a result of the introduction of the National Child Benefit.

*Children's Special Allowance* – this is paid in respect of children who are in the care of provincial/territorial child welfare authorities. New Brunswick, Ontario, British Columbia, Yukon and the Northwest Territories used the NCB Supplement portion of the Children's Special Allowance to support children in care of child welfare authorities. Newfoundland and Labrador, Prince Edward Island, Nova Scotia, Manitoba, Saskatchewan and Alberta have allocated the increase to their overall reinvestment envelope.

*Additional Investments* – a number of jurisdictions have chosen to inject additional provincial/territorial funds into new and/or enhanced programs and services. These have been noted in the summaries which follow.

## Newfoundland and Labrador

The province of Newfoundland and Labrador funded NCB initiatives during 1998-99 to the amount of \$7.8 million, estimated at \$10.45 million on a full fiscal year basis. These additional amounts correspond to the estimated amount of the NCB Supplement paid to social assistance families, which Newfoundland and Labrador chose to pass on in full to those families.

Additional funds for the improvement and expansion of licensed child-care services cover a range of program and service areas and have resulted in the establishment of new initiatives as well as the enhancement of existing programs. The following new initiatives have been established. Family Home Child Care is allowing for the gradual establishment of community-based, non-profit agencies licensed to approve family-based child-care homes. A certification model for Early Childhood Education Co-ordinators is being implemented, and additional funding for the recruitment of

### Newfoundland and Labrador's NCB Initiatives

1998-99  
(\$ thousands)

#### Child Care/Day Care

Unlicensed Child Care	450.0
Family Home Child Care	487.5
Child Care Subsidy Program	1,987.5
School-Based Infant Care	56.2
Early Childhood Education Co-ordinators	225.0
Additional Child Care Support Services	618.8
Early Childhood Certification and Training	75.0

#### Early Childhood/Children-at-Risk Services

Post Secondary Education Support Program	225.0
Family Resource Centres	862.5

#### Health Benefits

Extended Drug Care Program	750.0
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#### Other

Community Youth Networks	2,100.0
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<b>Total</b>	<b>7,837.5</b>
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six full-time early childhood education co-ordinators has been provided. Funding is also supporting licensees in providing high quality services to children and families through Additional Child Care Support Services. The new funding has also resulted in the enhancement of three programs. The Child Care Subsidy Program has been expanded to provide more day-care subsidies as well as to increase subsidy rates. Unlicensed Child Care provides social assistance clients with increased subsidies, and School-Based Infant Care funding has permitted the establishment of three on-site child-care programs.

The Post Secondary Educational Support Program provides new funds to help former children in care attend post secondary educational facilities. The Family Resource Centres focus on providing services and supports, primarily to children up to six years of age, in order to promote healthy child development, enhance parenting skills and build community capacity to support the needs of families and children.

The Extended Drug Card provides full prescription drug coverage for families making the transition from social assistance to work.

Community Youth Networks are being developed to provide prevention and intervention services (e.g., peer counselling, mental health services, back-to-school initiatives), with a focus on youth at risk.

As a result, provincial day-care expenditures will more than double, from a total of \$2.8 million in 1997-98 to \$6.7 million in 1998-99. The remaining investments are all in new program areas, with some funding directed toward administrative and developmental costs.

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Additional information about the Government of Newfoundland and Labrador's NCB initiatives may be obtained from:

Communications Division  
Department of Human Resources and Employment  
Government of Newfoundland and Labrador  
P.O. Box 8700  
St. John's NF A1B 3B2  
Telephone: (709) 729-4062

Communications Division  
Department of Health and Community Services  
Government of Newfoundland and Labrador  
P.O. Box 8700  
St. John's NF A1B 3B2  
Telephone: (709) 729-1377

## Prince Edward Island

Prince Edward Island had \$850,000 available for reinvestment in provincial initiatives during 1998-99. This amount is expected to increase to \$1.275 million on a full-year basis.

Prince Edward Island's NCB Initiatives		1998-99 Budget (\$ thousands)
Child Care/Day Care		
PEI Child Care Benefit		400.0
Early Childhood/Children-at-Risk Services		
Special Needs Grant		100.0
Looking After Children		20.0
Other child welfare initiatives		30.0
Other		
Employment Enhancement and Job Creation Program		200.0
PEI Institute of Adult and Community Education		100.0
Total		850.0

In its June 1998 program launch, the province announced that it would undertake two major reinvestment programs. The first of these was the PEI Child Care Benefit. This initiative, implemented in August 1998, enhanced the existing Child Care Subsidy Program by increasing the per diem subsidy and adjusting the sliding fee scale to provide greater access to the program. More than 800 children benefited from these enhancements.

The second major reinvestment activity is the PEI Family Health Benefit. This program will provide basic coverage for prescription drugs for families with children and incomes below \$20,000. Since Prince Edward Island has not had a program of this nature, it was necessary to undertake the design and development work for this program during 1998-99. This work has now been completed, and the PEI Family Health Benefit will be ready for operation as of April 1999.

Since the PEI Family Health Benefit was not in operation in 1998-99, the province was able to reassign reinvestment funds to a number of special, one-time initiatives. The Special Needs Grant enabled licensed early childhood centres to enhance their programming for special needs children. Additional funding was provided to the Employment Enhancement and Job Creation programs to allow more parents to participate in job skills upgrading and employment opportunities. A start-up grant was provided to the PEI Institute of Adult and Community Education toward its objectives of providing local educational upgrading. As well, special funding was provided to child welfare initiatives, including the Looking After Children initiative, to help it gear up for the monitoring of outcomes in child welfare.

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Additional information on Prince Edward Island's NCB reinvestments can be obtained by contacting:

Child, Family and Community Services Division  
PEI Department of Health and Social Services  
P.O. Box 2000  
Charlottetown PEI C1A 7N8

Telephone: (902) 368-6710  
Fax: (902) 368-6156

Email: [lllandry@ihis.org](mailto:lllandry@ihis.org)

# Nova Scotia

During 1998-99, Nova Scotia's reinvestment funds amounted to \$11.2 million. They are expected to increase to \$15.2 million on a full-year basis. The province's primary reinvestment has been in the Nova Scotia Child Benefit, a new income support program for low-income families with children.

Nova Scotia's NCB Initiatives	Estimated 1998-99 (\$ thousands)
Child Care/Day Care	
Centre-Based Child Care	562.5
Family Child Care	187.5
Early Childhood/Children-at-Risk Services	
Early Intervention Programs	168.7
Community-Based Prevention Programs	750.0
Child Benefit/Earned Income Supplements	
Nova Scotia Child Benefit	9,533.3
Total	11,202.0

The Healthy Child Development Initiative Steering Committee consulted with stakeholders in 1998. In the area of child care, Nova Scotia has expanded its Centre-Based Child Care by increasing the number of subsidized spaces and providing for portable spaces across the province for children with special needs. Efforts are under way to develop innovative child care solutions in areas where limited infrastructure exists.

Early Intervention Programs are being enhanced to provide services for an additional 75 pre-school children with special needs. The Community-Based Prevention Programs build on existing programs to enhance prevention efforts across the province. The prevention programs are specifically designed to promote support to low-income families.



The Nova Scotia Child Benefit became effective in July 1998. It provides an annual cash payment of \$250 for the first child, \$168 for the second child and \$136 for the third and each additional child in low-income households. Both the working poor and families receiving social assistance are eligible if family net taxable income is under \$16,000 per year. The payment is delivered as a combined payment with the Canada Child Tax Benefit through an agreement between the province and Revenue Canada. Approximately 51,000 children, including 32,000 children in social assistance families, will benefit from the Nova Scotia Child Benefit in 1998-99.

The additional funding has resulted in a 50 percent increase in the funding for community-based prevention programs over 1997-98 and a significant new commitment to low-income families with children. More than 52,000 children are benefiting as a result of these initiatives.

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For additional information contact:

Communications Section  
Department of Community Services  
P.O. Box 696  
Halifax NS B3J 2T7

Telephone: (902) 424-4326  
Fax: (902) 424-0549

E-mail: [webcoms@gov.ns.ca](mailto:webcoms@gov.ns.ca)

## New Brunswick

New Brunswick funded NCB initiatives during 1998-99 to the amount of \$2.1 million, estimated at \$2.8 million on a full-year basis. These amounts are in addition to the estimated amount of the NCB Supplement paid to social assistance families, which New Brunswick chose to pass on in full to those families.

Beginning in August 1998, the province invested \$2.1 million in child-care initiatives. The Day Care Subsidy Program per diem rates were increased and 200 to 400 additional spaces were added. In addition, the province has set aside 200 spaces for alternative child care. This service is available to applicants not eligible for basic financial assistance who do not have reasonable access to

licensed day-care facilities during certain hours. This program benefits people who work shifts and weekends. As a result of these new initiatives, the province's estimated expenditures on day care have increased to \$6.8 million for 1998-99.

New Brunswick recently invested \$25 million in the NB Child Tax Benefit and NB Working Income Supplement for low-income families with children under 18. The NB Child Tax Benefit provides \$250 annually for each child to families with a net income of \$20,000 or less; benefits are reduced for higher-income families. The NB Working Income Supplement provides up to \$250 per family with earnings of at least \$3,750 per year and an annual net income less than \$25,921. Both of these programs are administered by Revenue Canada through the Canada Child Tax Benefit program.

### New Brunswick's NCB Initiatives

Estimates 1998-99  
(\$ millions)

#### Child Care/Day Care

Day Care Assistance Program	1.5
Alternative Child Care Program	0.6

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Total	2.1
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For further information, contact:

Communications Branch  
Human Resources Development - New Brunswick  
Box 6000  
Fredericton NB E3B 5H1

Telephone: (506) 453-2712

E-mail: [wwwhrdnb@gov.nb.ca](mailto:wwwhrdnb@gov.nb.ca)

## Ontario

Ontario's reinvestment initiatives for 1998-99 are estimated at \$117 million, growing to \$156 million on an annualized basis.

As part of the Ontario NCB reinvestment strategy, the province created a new Ontario Child Care Supplement for Working Families (OCCSWF). The program benefits up to 350,000 children under the age of seven in 210,000 working families. In 1998-99 this program will cost \$140 million. To fund this program, the province combined \$95 million from its share of NCB reinvestment funds, \$40 million from the former Ontario Child Care Tax Credit, and an additional \$5 million in new provincial funds.

This new program took effect in July 1998 and provides low- to modest-income families with children with a maximum benefit of \$1,020 annually for each child under age seven. Families are eligible if they have work earnings exceeding \$5,000; if one parent is working and one stays at home to care for their children under age seven; or if they are attending school or training programs and have child-care expenses. The supplement is reduced as incomes exceed \$20,000.

In Ontario, municipalities also share in the NCB reinvestment because social assistance continues to be cost-shared between municipalities and the province. The municipal portion is estimated to be \$22 million in 1998-99. Ontario municipalities are implementing their own initiatives as part of the overall Ontario NCB reinvestment strategy in

Ontario's NCB Initiatives		1998-99 Budget (\$ millions)
Provincial Initiative		
Ontario Child Care Supplement for Working Families		95.0
Provincial Total for 1998-99		95.0*
Municipal Initiatives		22.0
Ontario Grand Total		117.0
* As noted above, the full cost of the OCCSWF is \$140 million. To fund this program, the province combined \$95 million from its share of NCB reinvestment funds, \$40 million from the former Ontario Child Care Tax Credit and an additional \$5 million in new provincial funds.		

ways that meet their local needs and priorities. Examples of these strategies include: Healthy Babies/Healthy Children; the Learning, Earning and Parenting Program; Ontario Works Child Care; and employment supports for families with children. Healthy Babies/Healthy Children is a prevention and early intervention program that screens all newborns, identifies those at high risk and ensures they receive community services. The Learning, Earning and Parenting (LEAP) Program provides supports to help teen parents on social assistance to improve their parenting skills and stay in school. Ontario will be issuing a separate report to highlight the specific details of municipal reinvestments.

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For further information about the NCB in Ontario please contact:

Client Services Unit  
Ministry of Community and Social Services  
Room M1-57 900 Bay Street  
Toronto ON M7A 1N3

Telephone: 1-888-789-4199  
Fax: (416) 325-8207



# Manitoba

In 1998-99, Manitoba budgeted more than \$15 million for early intervention and healthy child development programs and as support for children in lower-income families. Manitoba reinvested over \$10 million from National Child Benefit funds (estimated to be \$14 million on a full-year basis) and added approximately \$5 million more in new provincial funds. Provincial initiatives include the following:

Child Day Care has added over 1,000 subsidized spaces, extended funding to 2,000 existing infant and pre-school spaces, extended the Children with Disabilities Program and developed more flexible child-care arrangements.

Early Start provides focused early intervention for children aged two to five years to increase school readiness and decrease the need for costly education, health and social service interventions in the future. Early Start provides a home visitor to work with high-risk families which have special-needs children in licensed day-care centres.

Early Literacy supports programs that have success in increasing the reading and writing proficiency of the lowest-achieving children in Grade 1.

BabyFirst is a community-based, early childhood program designed to provide services to families living in conditions of risk, which have children from prenatal to three years of age. BabyFirst emphasizes positive parenting, enhanced parent-child interaction, improved child health and development and optimal use of community resources.

Manitoba's NCB Initiatives	Funding (\$ millions)
Child Care/Day Care	5.1
Early Childhood/Children-at-Risk Services	
Early Start	.7
Early Literacy	1.9
BabyFirst	1.7
Adolescent Pregnancy	.3
Women and Infant Nutrition (WIN) Program	1.8
Other	
Workforce Attachment	3.7
<b>Total</b>	<b>15.2</b>

Adolescent Pregnancy provides one-to-one counselling and other resources to pregnant adolescent women to delay further pregnancies.

The Women and Infant Nutrition (WIN) Program provides nutrition information and counselling to social assistance and low-income working families. As an incentive towards participation and nutrition improvements, the program offers a monthly supplement of \$65 to expectant mothers and mothers with infants up to one year of age if the families are in receipt of social assistance.

New workforce attachment programs have been introduced to help single parents, families led by persons with disabilities and part-time or low-income workers on income assistance. The province also helped ensure that working families which were receiving some income assistance did not lose overall income as a result of the introduction of the NCB.

In addition to its NCB reinvestments, Manitoba committed \$8.6 million in 1998-99 to Child and Family Services to help at-risk children.

Manitoba considers the National Child Benefit Supplement received by families on income assistance as non-exempt income and is adjusting the value of families' income assistance budgets by the full amount of the NCB Supplement. Funding also accrued from the increase in the Children's Special Allowance that Canada provides for children in care of the government.

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Contact Manitoba Family Services for additional information on the provincial initiatives for families, children and youth:

Policy and Planning  
Manitoba Family Services  
219 - 114 Garry Street  
Winnipeg MB R3C 4V6

Telephone: (204) 945-3242

E-mail: [polplan@fs.gov.mb.ca](mailto:polplan@fs.gov.mb.ca)

# Saskatchewan

Saskatchewan reinvested approximately \$11.25 million during 1998-99. This reinvestment will total \$15 million per year on a full-year basis. The province has devoted 1998-99 reinvestment funds to three programs: the Saskatchewan Child Benefit, the Saskatchewan Employment Supplement and Family Health Benefits.

Saskatchewan's programs benefited approximately 40 percent of the province's children, or 100,000 children in 50,000 families. This includes Saskatchewan Child Benefit payments received on behalf of 8,800 First Nations families which are living on reserve land. The federal Department of Indian Affairs and Northern Development pays the benefit cost for these First Nations children.

The Saskatchewan Child Benefit is a payment to low-income parents to help with the costs of raising a child. Saskatchewan's program is integrated

with the Canada Child Tax Benefit. It uses the same information base as the CCTB to determine income and eligibility. Benefits are combined with the NCB Supplement into a single monthly payment to reduce duplication and simplify administration.

The Saskatchewan Employment Supplement is a benefit paid to low-income parents who are working or who receive maintenance payments. The supplement provides an incentive to employment by offsetting additional child-related costs that a parent may incur through working. It improves incentives to collect maintenance payments by increasing the net value of the payment to the family.

The Family Health Benefits program provides extended health benefits to low-income families with children. A full range of benefits is provided for children and partial benefits for adults. With this program, low-income families are assured of retaining health benefits as they leave social assistance for work opportunities.

## Saskatchewan's NCB Initiatives\*

1998-99 Reinvestment  
(\$ millions)

### Child Benefit/Earned Income Supplements

Saskatchewan Child Benefit	8.25
Saskatchewan Employment Supplement	2.00

### Health Benefits

Family Health Benefits	1.00
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<b>Total</b>	<b>11.25</b>
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\* In addition to this reinvestment, the province added \$27.9 million in 1998-99 to complete the development of the three Saskatchewan programs. This additional expenditure allowed the removal of the children's basic benefit from the provincial social assistance program in July 1998. It will gradually become part of the province's reinvestment as further federal investments are made in the National Child Benefit Supplement.

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For further information on Saskatchewan's NCB initiatives please contact:

Communications and Public Education Branch

Saskatchewan Social Services

1920 Broad Street

Regina SK S4P 3V6

Telephone: (306) 787-3686

Fax: (306) 787-8669



# Alberta

Alberta allocated approximately \$13.5 million for NCB initiatives during 1998-99. Reinvestments from Phase 1 of the NCB initiative will total about \$21 million on a full-year basis. The province devoted 1998-99 reinvestment funds to the Alberta Child Health Benefit, child care subsidies, shelter benefits for families on social assistance, and to launch a new initiative aimed at children involved in prostitution.

Alberta's NCB Initiatives*	1998-99 (\$ millions)
Health Benefits	
Alberta Child Health Benefit*	3.7
Child Care/Day Care	
Child Care Subsidy	1.9
Other	
Child Prostitution Initiative	0.6
Shelter benefit increase for families on welfare	0.7
Unspent	6.6
Total	13.5

\* Does not include the program for upgrading students on grants: the \$1 million funding for this comes from reducing student assistance grants offsetting part of the NCB Supplement received by students.

Of approximately 112,000 families receiving the NCB Supplement in Alberta in any given month, roughly 16,300 families on welfare saw adjustments in their welfare benefits as federal benefits increased. This included about 13,100 single-parent families and, in total, affected on average 37,500 children each month from August 1998 to March 1999.

Alberta's choices for NCB initiatives complement existing programs and services aimed at low-income families with children. As a result of the 1993 welfare reforms, Alberta put extensive programs in place for upgrading and training, as well as services to prevent dependence on welfare and to facilitate the transition from welfare to work. In addition, since 1997, the Alberta Family Employment Tax Credit has provided direct financial support to low- and middle-income working families with children.

The Alberta Child Health Benefit was introduced in August 1998 as a new program providing support outside the welfare system to children in low-income families for prescription drugs, dental care, optical care, and ambulance and diabetic services. In January 1999, co-payments expected initially were eliminated. So far, more than 35,000 children have benefited from this program. Since the program had a slower start-up than initially expected, part of the budget set aside in 1998-99 will not be spent this year. Alberta will allocate the equivalent of the 1998-99 unspent reinvestment funds over the next two years for Alberta's reinvestment programs.

Reinvestment funding for child care occurred in conjunction with a shift from operating allowances for day care to increased child care subsidies for low- and middle-income families. The NCB funding allowed the province to raise the net income qualification levels for the child-care subsidy by an additional \$80 per month to bring levels closer to the maximum CCTB level.

Shelter Benefit increases for families on welfare became effective in February 1999, benefiting about 30,000 children in 15,000 families each month. Shelter ceilings were raised by \$33 to \$41 per family.

NCB funding is being used to help launch the new Children Involved in Prostitution legislation, and prevention and early intervention strategies.

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For further information on Alberta's NCB initiatives, contact:

Communications Branch  
Alberta Family and Social Services

Telephone: (780) 427-4801

Fax: (780) 422-3071

## British Columbia

Although the National Child Benefit initiative was launched in July 1998, British Columbia's Family Bonus program – one of the models for the National Child Benefit Supplement – was introduced in 1996. From 1996 to 1998, British Columbia invested over \$800 million in the BC Family Bonus and approximately \$15 million in its Healthy Kids Program. This represents a significant pre-investment toward the goals of the NCB initiative. British Columbia continued its commitment to these programs in 1998-99. The NCB Supplement allowed the province to reduce expenditures in the BC Family Bonus and redirect those expenditures

from social assistance families (about \$60 million in 1998-99 and \$80 million on a full-year basis) to initiatives benefiting more than 100,000 children in low-income families.

As a result of the BC Family Bonus, British Columbia has made measurable progress in meeting the goals of the NCB initiative by reducing the depth and impact of child poverty.

- Families have moved from welfare to work in record numbers. There are 17,000 fewer families and 31,000 fewer children dependent on welfare now than when the BC Family Bonus was launched. That is a 23.1 percent decline over two years.

British Columbia's NCB Initiatives		Estimated 1998-99 (\$ millions)
Child Care/Day Care		
	Supported Child Care – Special Needs	6.00
Early Childhood/Children-at-Risk Services		
	Building Blocks	1.50
	FosterCare 2000	.75
	Youth Initiatives	1.87
	Safe Schools	1.00
Employment Supplements		
	BC Earned Income Benefit	48.75
Other		
	Youth Community Action Program	.37
Total		60.24

- The poverty gap has been reduced for low-income working families from 25.5 percent to 19 percent (based on Low-Income Cut-Off statistics).

British Columbia's main post-1998 investment is the BC Earned Income Benefit. This new employment incentive program ensures the transition to the NCB framework does not result in a loss of benefits for any family in the province. The BC Earned Income Benefit, together with the BC Family Bonus, make it more attractive for those on welfare to seek work and remain employed. Benefits from these programs have been combined with the CCTB into a single monthly payment.

British Columbia's other reinvestment programs are new or enriched services designed to strengthen families, to prevent or reduce the impact of poverty on children and youth, or to promote attachment to the labour market.

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Additional information on British Columbia's NCB reinvestments can be found on the Ministry of Human Resource's Web site at:

<http://www.mhr.gov.bc.ca>



## Yukon

The Yukon government reinvested approximately \$110,000 during 1998-99. Reinvestments from Phase 1 of the NCB initiative will total about \$160,000 on a full-year basis. The Yukon government has devoted the 1998-99 reinvestment funds to four programs: the Children's Drug and Optical Program, a children's recreation fund, a school food program and the Healthy Families Program. The reinvestment programs will benefit about 1,000 children.

The Children's Drug and Optical Program covers the cost of medication and optical care for children in low-income families. Children in moderate-

income families are also eligible for benefits after a deductible is paid.

A special children's recreation fund has been established to help children and youth in low-income families participate in organized sport, recreation, arts, cultural and social activities by covering fees and some equipment costs.

Reinvestment money has been allocated to supplement an established school food program which makes funding available to provide breakfast, lunch or nutritious snacks to children who do not have food from home.

The Healthy Families Program monitors all newborns and pre-schoolers at risk, and assists their families to provide the care and services needed to reduce the risk.

Yukon's NCB Initiatives	1998-99 Budget (\$ thousands)
<b>Health Benefits</b>	
Children's Drug and Optical Program	20.0
<b>Early Childhood/Children-at-Risk Services</b>	
Children's recreation fund	40.0
School food program	30.0
Healthy Families Program	20.0
<b>Total</b>	<b>110.0</b>

Additional information about the Yukon government's NCB reinvestment programs may be obtained from:

Policy and Program Development (H-1)  
Department of Health and Social Services  
Box 2703  
Whitehorse YK Y1A 2C6  
Telephone: (867) 667-5747

# Northwest Territories

The Northwest Territories reinvested approximately \$1.4 million during 1998-99. The Territories devoted all of its 1998-99 reinvestment funds, supplemented by \$1.3 million in new funding, to the Northwest Territories Child Benefit (NWTCB), which includes the Territorial Working Supplement (TWS). Phase 1 of the NCB will result in about \$2.1 million in reinvestment funds, supplemented by \$2 million in territorial funds, on a full-year basis. The benefits are delivered as a combined payment with the Canada Child Tax Benefit, through an agreement between the Territory and Revenue Canada.

The NWTCB is paid to all families with net income of \$20,921 or less in the previous year. Families receive \$330 for each child under age 18 living at home.

The TWS is an additional benefit to compensate for any loss as a result of the discontinuation of the federal Working Income Supplement. Working families with children under age 18 living at home receive up to \$275 for the first child and \$75 for the second. To qualify, the family must have earned income of at least \$3,750 in the previous year.

These payments benefited approximately 12,500 children in 5,700 families.

About 2,200 families on social assistance, including more than 1,500 single-parent families and 4,800 children, were assisted each month by the adjustments related to the NCB. NCB Supplements were deducted as "unearned" income from clients' assessed needs when determining their assistance. All low-income families received the NWTCB, and those with more than \$3,750 in working income in the previous year also received the TWS.

Northwest Territories' NCB Initiatives	1998-99 Budget (\$ millions)
NWT Child Benefit	2.7
Total	2.7

For further information on the Northwest Territories' NCB initiatives please contact:

Income Support Division  
Department of Education, Culture and Employment  
P.O. Box 1320  
Government of the Northwest Territories  
Yellowknife NT X1A 2L9  
  
Telephone: (867) 873-7746  
Fax: (867) 873-0443  
  
Email: [Linda\\_ecklund@gov.nt.ca](mailto:Linda_ecklund@gov.nt.ca)

# First Nations

## Funding for First Nations\* NCB Initiatives, 1998-99

Region	1998-99 (\$ millions)
Atlantic**	1.0
Quebec <sup>□</sup>	7.5
Ontario	2.7
Manitoba	4.3
Saskatchewan	4.4
Alberta	1.7
British Columbia	2.3
Yukon	0.2
Total reinvestment envelope	24.1
Additional Investment <sup>§</sup>	6.2
Total NCB Investments	30.3

\* Excludes self-governing bands, bands funded under different arrangements in B.C., Yukon and Newfoundland and Labrador, and bands under an Alternative Funding Arrangement and Financial Transfer Arrangement in Alberta and B.C. Funding for social assistance and NCB-related initiatives in the Northwest Territories is provided by the territorial government. These figures are estimates and will be confirmed when First Nations complete their fiscal year end report.

\*\* Atlantic region excludes the amount of NCB Supplement that was passed on to social assistance families living on reserves in New Brunswick (estimated \$0.8 million in 1998-99).

□ Reinvestment funds in Quebec First Nations are composed of both savings from the introduction of the new provincial Family Allowance program and the National Child Benefit. An additional four months of savings (December 1997 - March 1998) of \$642,000 is also available due to these reforms to the income security program in Quebec.

§ In Saskatchewan, in 1998-99, an additional \$6.2 million in new funds is available for NCB-related reinvestment initiatives for First Nations families living on reserves.

Over the last year, the Department of Indian Affairs and Northern Development (DIAND) has been working in partnership with First Nations at the regional level on mutually acceptable frameworks to guide the development and implementation of NCB reinvestment initiatives. The reinvestment frameworks are both consistent with the objectives of the NCB

and flexible enough to address the different priorities and needs in First Nations communities.

In 1998-99, First Nations are investing approximately \$30 million in a wide range of community-based programs for low-income families with children living on reserves, such as income support, child care, child nutrition, parenting,

family services, recreation, youth development, clothing outlets and training and employability skills. The programs are linked by the objectives of the NCB, which aim to prevent and reduce the depth of child poverty and promote attachment to the workforce. Some currently operational programs include the following.

- The Samson Cree Nation in Alberta has initiated the Healthy Families Project. This home visiting initiative seeks to ensure parents, particularly those at greatest risk, receive the support and education they need prenatally and through the first important years of their child's life.
- Lake Manitoba First Nation has implemented a variety of reinvestment programs, including a nutritional lunch program, day-care services, training programs and monthly preventative and parenting skills workshops geared to teens.
- The Council Huronne-wendat Nation of Quebec is using NCB reinvestment funds to run the Agoshin Counter. This nutrition and clothing centre has created jobs for two income security recipients and is providing services on a regular basis to low-income families with children. As well as providing low-income families with low-cost food and clothing, the centre offers

services such as collective kitchens, a meeting place and a reference service to help people gain access to the resources they need.

The funds for reinvestment come from adjustments to social assistance which are, for the most part, administered by First Nations through funding agreements with DIAND. Adjustments in each region have closely followed the adjustments made in the province or territory in which a First Nation resides.

Each funding agreement contains applicable terms and conditions, with customized reporting requirements designed to facilitate First Nations capacity and accountability. This has resulted in a reporting package which gathers a combination of information — statistical, financial and some program or operational information — which has been integrated into the National Child Benefit reporting regime. Given that the reporting cycle of this package is based on the fiscal year, DIAND will receive comprehensive national information on the first operational year of NCB reinvestment programs in July 1999. Once the first year of reporting is complete, DIAND and First Nations will begin assessing the breadth of reinvestment programming on reserves and the impact of the initiative on First Nations families with children.

---

For more information please contact:

Public Affairs Unit  
Strategic Communications and Planning  
Department of Indian Affairs and Northern Development  
Les Terrasses de la Chaudière  
10 Wellington Street  
Hull QC K1A 0H4

Telephone: (819) 994-2044  
Fax: (819) 997-0268



# Appendix 3

## Internet Resources

### Statistical Information

To supplement the information contained in this report, additional statistics are available via the Internet at <http://socialunion.gc.ca>.

These tables, which focus on low income, labour force participation and social assistance trends, are listed below.

**Table 1:** Canada Child Tax Benefit - Base Benefit and National Child Benefit Supplement Beneficiaries and Payments, by Family Type and Province/Territory, July 1998 to March 1999

**Table 2a:** Pre-Tax LICOs, Income Thresholds by Family Size and Community Size, 1996

**Table 2b:** Post-Tax LIM, Income Thresholds by Family Size and Composition, 1996

**Table 3:** LICOs and LIM - Number and Percentage of Families who are Below the Low-Income Threshold, by Family Type, Canada, 1984 to 1997

**Table 3a:** LICOs - Number and Percentage of Families and Children Under 18 who are Below the Low-Income Threshold, by Family Type, Canada, 1984 to 1997

**Table 3b:** LIM - Number and Percentage of Families and Children Under 18 who are Below the Low-Income Threshold, by Family Type, Canada, 1984 to 1996

**Table 4:** LICOs and LIM - Percentage by which Family Income is Below the Low-Income Threshold, by Family Type, Canada, 1984 to 1997

**Table 4a:** LICOs - Percentage by which Family Income is Below and Above the Low-Income Threshold, by Family Type, Canada, 1984 to 1997

**Table 4b:** LIM - Percentage by which Family Income is Below and Above the Low-Income Threshold, by Family Type, Canada, 1984 to 1996

**Table 5:** LICOs and LIM - Percentage Change in the Amount by which Family Income is Below the Low-Income Threshold, due to Government Transfer Payments, by Family Type, Canada, 1984 to 1997

**Table 5a:** LICOs - Percentage Change in the Amount by which Family Income is Below and Above the Low-Income Threshold, due to Government Transfer Payments, by Family Type, Canada, 1984 to 1997

**Table 5b:** LIM - Percentage Change in the Amount by which Family Income is Below and Above the Low-Income Threshold, due to Government Transfer Payments, by Family Type, Canada, 1984 to 1996

**Table 6:** LICOs and LIM - Percentage of Low-Income Families Employed for Pay During the Year, by Family Type, Canada, 1984 to 1997

**Table 6a:** LICOs - Percentage of Low-Income and Non Low-Income Families Employed for Pay during the Year, by Family Type, Canada, 1984 to 1997

**Table 6b:** LIM - Percentage of Low-Income and Non Low-Income Families Employed for Pay during the Year, by Family Type, Canada, 1984 to 1996

**Table 7:** LICOs and LIM - Average Total Weeks Worked for Pay by All Adults in Low-Income Families, by Family Type, Canada, 1984 to 1997

**Table 7a:** LICOs - Average Total Weeks Worked for Pay by All Adults in Low-Income and Non Low-Income Families, by Family Type, Canada, 1984 to 1997

**Table 7b:** LIM - Average Total Weeks Worked for Pay by All Adults in Low-Income and Non Low-Income Families, by Family Type, Canada, 1984 to 1996

**Table 8:** LICOs and LIM - Percentage of Weeks Worked Full-Time for Pay by Low-Income Families, by Family Type, Canada, 1984 to 1997

**Table 8a:** LICOs - Percentage of Weeks Worked Full-Time for Pay by Low-Income and Non Low-Income Families, by Family Type, Canada, 1984 to 1997

**Table 8b:** LIM - Percentage of Weeks Worked Full-Time for Pay by Low-Income and Non Low-Income Families, by Family Type, Canada, 1984 to 1996

**Table 9:** LICOs and LIM - Average Earnings as a Percentage of the Low-Income Threshold for Low-Income Families, by Family Type, Canada, 1984 to 1997

**Table 9a:** LICOs - Average Earnings as a Percentage of the Low-Income Threshold for Low-Income and Non Low-Income Families, by Family Type, Canada, 1984 to 1997

**Table 9b:** LIM - Average Earnings as a Percentage of the Low-Income Threshold for Low-Income and Non Low-Income Families, by Family Type, Canada, 1984 to 1996

**Table 10a:** LICOs - Percentage of Low-Income Families Receiving Social Assistance during the Year, Showing Total Benefits as a Percentage of Total Income, by Family Type, Canada, 1984 to 1997

**Table 10b:** LIM - Percentage of Low-Income Families Receiving Social Assistance during the Year, Showing Total Benefits as a Percentage of Total Income, by Family Type, Canada, 1984 to 1996

**Table 11:** Estimated Number of Single-Parent and Two-Parent Families with Children under 18 Receiving Social Assistance and as a Percentage of all Single- and Two-Parent Census Families, Canada, 1987 to 1998

## Descriptive Information

The following sites contain additional information for each jurisdiction:

Jurisdiction	Internet Resources
Newfoundland and Labrador	<a href="http://www.gov.nf.ca/hre">http://www.gov.nf.ca/hre</a> <a href="http://www.gov.nf.ca/health">http://www.gov.nf.ca/health</a>
Prince Edward Island	<a href="http://www.gov.pe.ca">http://www.gov.pe.ca</a> <a href="http://www.gov.pe.ca/hss">http://www.gov.pe.ca/hss</a>
Nova Scotia	<a href="http://www.gov.ns.ca/coms/newcb.htm">http://www.gov.ns.ca/coms/newcb.htm</a> <a href="http://www.gov.ns.ca/coms/ncb1.htm">http://www.gov.ns.ca/coms/ncb1.htm</a> <a href="http://www.gov.ns.ca/coms/ncb2.htm">http://www.gov.ns.ca/coms/ncb2.htm</a> <a href="http://www.gov.ns.ca/fina/financial/budget98/bullet/b02.htm">http://www.gov.ns.ca/fina/financial/budget98/bullet/b02.htm</a>
New Brunswick	<a href="http://www.gov.nb.ca/hrd">http://www.gov.nb.ca/hrd</a>
Ontario	<a href="http://www.gov.on.ca">http://www.gov.on.ca</a> <a href="http://www.gov.on.ca/CSS">http://www.gov.on.ca/CSS</a> <a href="http://www.gov.on.ca/CSS/page/services/sas.html">http://www.gov.on.ca/CSS/page/services/sas.html</a> <a href="http://www.gov.on.ca/FIN">http://www.gov.on.ca/FIN</a>
Manitoba	<a href="http://www.gov.mb.ca">http://www.gov.mb.ca</a> <a href="http://www.gov.mb.ca/fs">http://www.gov.mb.ca/fs</a>
Saskatchewan	<a href="http://www.gov.sk.ca/govt/socserv">http://www.gov.sk.ca/govt/socserv</a>
Alberta	<a href="http://www.gov.ab.ca/fss">http://www.gov.ab.ca/fss</a>
British Columbia	<a href="http://www.mhr.gov.bc.ca">http://www.mhr.gov.bc.ca</a> <a href="http://www.fin.gov.bc.ca">http://www.fin.gov.bc.ca</a> <a href="http://www.mcf.gov.bc.ca">http://www.mcf.gov.bc.ca</a> <a href="http://www.bced.gov.bc.ca">http://www.bced.gov.bc.ca</a> <a href="http://www.aett.gov.bc.ca">http://www.aett.gov.bc.ca</a>
Yukon	<a href="http://www.gov.yk.ca">http://www.gov.yk.ca</a>
Northwest Territories	<a href="http://siksik.learnnet.nt.ca/income/main.htm">http://siksik.learnnet.nt.ca/income/main.htm</a> <a href="http://www.gov.nt.ca/Publications/csp/iswmmmap.htm">http://www.gov.nt.ca/Publications/csp/iswmmmap.htm</a>





# Appendix 4

## The Measurement of Poverty in Canada

Although Canada has no official measure of poverty, Statistics Canada currently calculates two measures of low income based on income before and after the payment of federal and provincial income taxes.

- *The Low-Income Cut-Offs (LICOs)* are income levels where a household will spend a share of its income on food, clothing and shelter that is 20 percent higher than the average family. Cut-offs are calculated for economic families ranging in size from one to seven or more, and for five different sizes of communities (urban 500,000+; urban 100,000-499,999; urban 30,000-99,999; urban under 30,000 and rural) in an attempt to account for geographical differences in living costs. Thus, there are 35 different income cut-offs in Canada.

The cut-offs have been calculated since 1961 and are the most commonly used measure of low income in Canada. They were revised in 1969, 1978, 1986 and 1992 to reflect changing consumption patterns. Between these revisions, they are adjusted each year to reflect changes in the national Consumer Price Index. This document uses the 1992 base cut-offs for all years beginning in 1984.

- *The Low-Income Measure (LIM)* is equal to half the adjusted median income of economic families in Canada. The adjustment to actual income levels reflects the fact that families can take advantage of economies of scale as they grow larger. For example, it does not cost twice as much for a couple to have the same standard of living as an unattached individual.

No adjustment is made to the LIM thresholds for community size to reflect different living costs in communities of varying populations.

Each year the LIMs change with median adjusted incomes: they rise in real terms if such incomes increase more than the Consumer Price Index and fall in real terms if they do not.

The post-tax LIM is very similar to the measure used for international comparisons of poverty by such agencies as the OECD and the United Nations.

Both the LICOs and the LIM, theoretically, are *relative* measures of low income. That is, they are calculated based on a fixed percentage of average or median consumption or income levels. They are therefore influenced by what is happening to overall income and consumption levels, not just for people at the lower end of the income distribution.

An *absolute* measure of low income, on the other hand, defines a minimum acceptable standard of living, represented by a basket of goods and services. The cost of this basket is then priced over time. In Statistics Canada's presentation of data derived using the LICOs, it applies the most recent set of LICOs back to 1980 adjusting the income levels using the Consumer Price Index. In this sense, the LICOs are presented as an absolute rather than a relative measure of poverty.

The LIM, on the other hand, is a purely relative measure of low income, rising or falling each year with the level of median adjusted family income.

Low income measures, whether or not they are relative or absolute in form, can also reflect different concepts of poverty. At one end of the spectrum, families and individuals are seen as poor if they cannot enjoy a standard of living which enables them to participate fully in their communities. The Social Planning Council of Metropolitan Toronto periodically calculates a budget guide for its community based on this approach and using a market basket methodology.

At the other end of the spectrum, poverty is seen as an inability to purchase subsistence levels of food, clothing and shelter. This was the concept underlying the first poverty lines developed in the United Kingdom at the end of the 19th century by Booth and Rowntree. The economist Christopher Sarlo has developed Canadian poverty thresholds based on a subsistence concept which are periodically published by the Fraser Institute.

Note that both the Social Planning Council of Metropolitan Toronto budget guides and the Sarlo poverty thresholds are calculated using an absolute approach, although they rest on polar opposite concepts of poverty.

The LICOs, on a pre-tax basis, approximate for many people a standard of living close to that permitting full participation in community life. The post-income tax LIMs, on the other hand, fall between this level and the Sarlo thresholds.

*The Market Basket Measure (MBM)* currently being developed by the Federal/Provincial/Territorial Working Group on Social Development Research and Information is intended to account more precisely for community differences in living costs than the LICOs (which use the imperfect proxy of community size) and to represent a standard of living for a reference family of two adults and two children, which allows for a basic adequate standard of living.

It uses a market basket methodology and will be updated over time by the costs of the goods and services in the basket. The scale used to adjust actual incomes according to the number of adults and children in the family for the LIM will be used to apply the cost of the market basket for the reference family to other household configurations. Periodically, the contents of the basket itself will be examined to ensure that they continue to reflect a basic adequate standard of living, given contemporary consumption patterns.

Whether a household is poor will be determined by whether it has the *disposable* income needed to purchase the goods and services in the basket in its community. Disposable income will be net of income and payroll taxes, actual out-of-pocket expenditures for non-insured, medically prescribed health services and aids for persons with disabilities, actual out-of-pocket child-care expenditures to enable a lone parent or both parents in a two-parent family to work for pay and child support payments made by non-custodial parents.

The main features distinguishing the new measure from the existing Statistics Canada measures are as follows:

1. It will be based on a specific standard of living, represented by the contents of the basket.
2. It will attempt to reflect more precisely the differing amounts needed to purchase such a standard of living in communities across the country and will not assume, unlike the LICOs, that such costs rise only with community size.
3. It will attempt to be sensitive to the effects of policy changes other than transfer payments (such as the expansion or restriction of insured provincial and territorial health services and the availability of child-care subsidies) which can improve or diminish the living standards and consumption opportunities of those at the lower end of the income scale.
4. More generally, it is designed to be sensitive to the changing consumption opportunities of those at the lower end of the income scale, not to what is happening to *general* living or consumption standards.





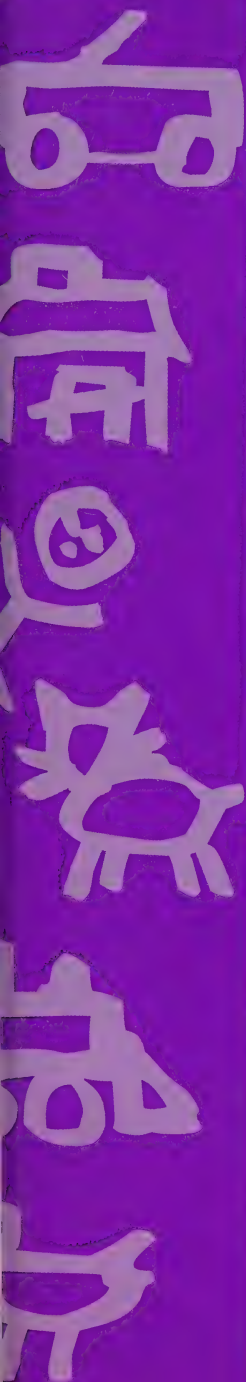




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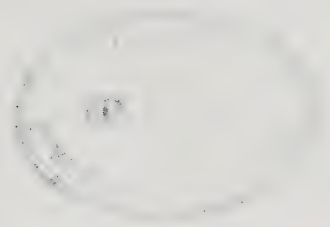
# The National Child Benefit Progress Report: 2000



SP-119-01-01E







# The National Child Benefit Progress Report: 2000



March 2001

This document is also available on the federal/provincial/territorial Internet Web site at <http://socialunion.gc.ca>

For more information or additional copies of this paper, please write to:

National Child Benefit  
Box 307  
Ottawa ON  
K1A 0J9

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# Message from Federal/Provincial/Territorial Ministers Responsible for Social Services

The National Child Benefit (NCB) is a joint initiative of Canada's federal, provincial and territorial governments—an innovative and progressive approach to supporting Canada's children.

Helping children get off to a good start in life is crucial, and governments have recognized that child poverty has long-term consequences for children and society. The NCB is based on the principle that families are better off when parents are supported in their efforts to participate in the labour market. This is the most effective long-term approach to reducing low income among families. The NCB is supporting parents and children by creating a secure national child benefit and improving the services and supports provided to low-income families with children.

The NCB is a positive initiative in large part because of the continued strength of the federal/provincial/territorial partnership that established it. These partners continue to work toward the initiative's goals: reducing the incidence and depth of child poverty, supporting parents as they move into the labour market and reducing duplication and overlap of government programs. First Nations are also partners in ensuring that the NCB responds to the needs of Aboriginal children and families on-reserve.

Governments and all Canadians want to know whether the NCB is achieving these goals. While it is still early in this long-term initiative, we believe that it is succeeding. We are seeing an improvement in the situation of children and their families. This is partly due to a strong economy, and we also believe that improved child benefits and services provided under the NCB are helping. Children are receiving more benefits outside of welfare, more parents are moving into the labour market and parents are finding that paid work is getting them farther above low-income levels. The result is greater financial stability for families and better prospects for the future.

Canada's Ministers Responsible for Social Services<sup>1</sup> strongly support the NCB's national platform of child benefits and expanded programs and services for children. We believe that the NCB is making a positive contribution toward improving the future prospects of children in low-income families.

Building on this federal/provincial/territorial collaboration, First Ministers agreed in September 2000 on a new, complementary initiative to improve and expand early childhood development programs and services.

With the commitment of federal, provincial and territorial partners to long-term stable funding, the NCB is an important part of Canadian social policy. We are committed to this reporting process and are pleased to share our findings with Canadians.

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*Federal/Provincial/Territorial Ministers Responsible for Social Services*

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<sup>1</sup> The Government of Quebec has stated that it agrees with the basic principles of the National Child Benefit. Quebec, however, has not taken part in the initiative because it wishes to assume control of income support for the children of Quebec. Throughout this report, references to joint federal/provincial/territorial positions do not include Quebec.





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# Executive Summary

The National Child Benefit (NCB) is a joint initiative of Canada's federal, provincial and territorial governments designed to reduce the depth of child poverty, support parents as they move into the labour market and reduce duplication and overlap of government programs.

Under the NCB, the Government of Canada has increased the child benefits it provides to all low-income families with children. In turn, most provinces, territories and First Nations have adjusted the income support they provide to children through social assistance programs while making sure total benefits to those families remain at least as high as they were before the NCB was introduced. These social assistance adjustments have made funds available for reinvestment in new and enhanced benefits and services for low-income families with children, and they have made benefits equal for all low-income families.

In the past, many families who relied on social assistance found it difficult to get out of the welfare system and into employment, as they often were worse off financially in low-paying jobs. The NCB was designed to make sure that families leaving social assistance are better off working. It is now easier for low-income parents to move into and stay in employment, as parents receive greater income support for their children outside of the social assistance system along with additional benefits and services provided through reinvestment programs.

As a result of the NCB, families have a better chance to move up and out of poverty.

## The Federal Component of the National Child Benefit

The Government of Canada provides direct financial assistance to families with children through the Canada Child Tax Benefit (CCTB). Maximum payments to a family with two children will have increased from \$2,540 in 1996–97 to \$4,544 in 2001–02, benefiting 2.5 million children in low-income families. Since the start of the NCB, the value of these payments to low-income families will have increased by \$2.5 billion per year by 2004–05.

## The Provincial and Territorial Component of the NCB

Provinces, territories and First Nations are reinvesting funds and making additional investments in a range of new or enhanced supports for low-income families. The five key areas for NCB initiatives are child benefits and earned income supplements, child/day care initiatives, early childhood services and children-at-risk services, supplementary health benefits and other services. For the 1999–2000 fiscal year, provincial–territorial and First Nations reinvestments totalled more than \$400 million, with additional investments of \$80 million. These reinvestments and investments are estimated to increase to more than \$600 million in 2000–01.

## First Nations and the National Child Benefit

The Aboriginal population participates in the NCB through provincial and territorial initiatives. First Nations living on-reserve design and implement their own community-based initiatives in ways that respond to the unique circumstances of their families.

The result of First Nations identifying and tailoring benefits and services is that NCB reinvestments address community needs such as youth services, child nutrition, child care, recreation and skills training for parents seeking employment. Many thousands of families have benefited from these reinvestments, and further enhancements to the NCB will result in better programming as First Nations identify what works successfully in their communities.

## Monitoring Progress

Federal, provincial and territorial governments are committed to reporting on and evaluating NCB initiatives. This work is essential to inform Canadians about the progress made in reaching the NCB's goals.

Key trends for low-income families with children over the last two years include:

- fewer low-income families with children;
- the number of children in families who depend on social assistance has declined steadily; and
- more low-income families are earning income from employment.

While these recent trends are generally favourable for Canadian children, there is concern that the depth of low income has remained relatively constant over time despite economic growth.

Federal, provincial and territorial governments have agreed to pursue a coordinated approach to evaluating the NCB. Future evaluation will include an assessment of federal child benefits as well as provincial and territorial investments and reinvestments.

## The Way Ahead

In its first two years, the National Child Benefit has put in place the key components of a reformed child benefit system. Low-income families with children are seeing improved benefits and services to meet the needs of their children. They are also beginning to share more of the gains from Canada's strong economy. However, federal, provincial and territorial Ministers Responsible for Social Services realize that fighting child poverty will take a sustained effort in the years to come.

The NCB is a young initiative, and the full extent of its benefits will be realized over time. Governments have agreed to further assess the progress being made on child poverty and the degree to which the NCB is achieving its objectives, and to consider whether future government investments may be necessary to achieve full implementation. Future reports to the public will provide additional information on how the NCB is working to help Canadian families.

# Glossary

**CCTB**, or Canada Child Tax Benefit, is a federal income support program for Canadian families with children that is delivered through the tax system. The CCTB includes two components: the basic benefit, which provides federal income support to 80 per cent of Canadian families with children; and the NCB supplement, which provides additional support only to low-income families.

**Depth of low income** is the amount that a family's income is below a level (e.g., Statistics Canada low-income lines such as the Low-Income Cut-Offs or the Low-Income Measure threshold) that has been determined as the dividing line between those who are living on low income and those who are not.

**Disposable income** is the income that a family has left after paying personal income taxes and other tax-related contributions such as Canada Pension Plan and Employment Insurance premiums.

**Earnings supplements** are payments from governments to families that top up work-related earnings. These programs supplement work-related earnings and, in some cases, payments vary by the number of children in a family.

**Incidence of low income** is the per cent of the population whose income is below one of the low-income lines that Statistics Canada calculates (such as the Low-Income Cut-Off threshold or the Low-Income Measure threshold).

**Indicators**, in the context of this report, are statistics that show how Canadian families are faring. **General Outcome Indicators** measure areas such as low income and labour force attachment and do not assume that any changes are necessarily caused by the NCB. **Direct Outcome Indicators**, on the other hand, measure only those changes directly caused by the NCB.

**National Child Benefit**, or NCB, is a joint federal, provincial and territorial government program designed to support low-income families with children. It includes increased federal income support plus provincial, territorial and First Nations reinvestments and investments in programs and services. The NCB began in July 1998.

**NCB investments** are funds in addition to reinvestment funds that some provinces, territories and First Nations are spending on NCB-related benefits and services for low-income families.

**NCB reinvestments** are funds that provinces, territories and First Nations have available for new or expanded benefits and services for low-income families as a result of new federal funding replacing a portion of social assistance payments to families with children.



**NCB supplement** is the federal contribution to the NCB—a monthly payment to low-income families to help with the cost of raising children.

**Social Assistance**, or SA, is a system of income support administered by provincial and territorial governments; it is commonly known as welfare.

**Working Income Supplement**, or WIS, was a federal program that preceded the NCB, providing income support to supplement the earnings of low-income working families. The WIS was replaced in July 1998 by the NCB supplement, which offers increased support to all low-income families. Some provinces and territories have reinvested NCB funds in their own versions of a working income supplement.

# 1. The Purpose of this Report

This report is about the efforts of Canada's federal, provincial and territorial governments to reduce and prevent child poverty through the National Child Benefit (NCB) initiative. It is about the progress made in reaching this goal since the NCB's inception in 1998 and plans for further progress in the coming years. It is about accountability for these efforts.

When developing the NCB, federal, provincial and territorial governments agreed that regular reporting on the initiative is essential to remaining accountable to Canadians. This is the second progress report that has been issued since the beginning of the initiative.

The first progress report was released in May 1999. This second report provides additional analysis of the first year of the NCB's operation, using program data for 1998-99 and estimates for 1999-2000 and 2000-01. It provides information on new investments and new insights gained since the initial progress report was prepared. It also includes updated information on government investments and reinvestments in NCB-related initiatives.

The financial information presented in this report is subject to review by each jurisdiction's auditor in accordance with each jurisdiction's audit requirements.

This report describes: how the NCB works (Chapter 2); the federal government's investment in the National Child Benefit (Chapter 3); provincial and territorial government investments and reinvestments in NCB initiatives (Chapter 4); First Nations NCB reinvestments (Chapter 5); information on how progress will be monitored and evaluated, and a summary of social and economic trends leading up to, and during, the first year of the initiative (Chapter 6); and an indication of future directions for the NCB (Chapter 7). Appendices provide detailed statistics on federal initiatives (Appendix 1), descriptions and statistics for provincial, territorial and First Nations initiatives (Appendix 2) and additional statistical information (Appendix 3).



## 2. What is the National Child Benefit?

The National Child Benefit is a partnership between federal, provincial and territorial governments to improve the well-being of children in low-income families. The NCB was created because Canadian governments agree that it is essential for children to get off to the best possible start in life.

### Goals of the NCB

The NCB initiative has three goals:

1. to help prevent and reduce the depth of child poverty;
2. to promote attachment to the labour market by ensuring that families will always be better off as a result of working; and
3. to reduce overlap and duplication by harmonizing program objectives and benefits and simplifying administration.

By providing increased child benefits to all low-income families and by streamlining government programs, the NCB helps low-income families succeed in the labour market, achieve a greater degree of financial independence and participate more fully in their communities and Canadian society.

### How the NCB Works

The NCB achieves its goals by assisting parents as they move from welfare into the labour market and by helping low-income parents already in the labour market to stay there. It provides increased financial assistance to low-income working families and enhanced benefits and services tailored to the needs of low-income families in each province and territory. These benefits and services, in many instances, are available regardless of whether the family is in the labour market or receiving social assistance. This reflects the shared commitment of federal, provincial and territorial governments to reduce low income and make it easier for families to be self-sufficient.

As a shared effort between governments, the NCB is both a national program and a varied set of provincial, territorial and First Nations initiatives that are customized to meet families' needs. Federal, provincial and territorial governments have agreed on a set of operating principles to guide the development and implementation of the NCB. In addition, there is a national reinvestment framework outlining the types of reinvestments that support the NCB's objectives.

The NCB is building a new national platform of child benefits for low-income families with children. This platform has certain defining characteristics:

- it provides a basic income benefit for Canadian children in low-income

families, delivered independently of provincial/territorial social assistance systems;

- it is based on an income test administered by the Canada Customs and Revenue Agency (formerly Revenue Canada) using information from the income tax system;
- it is part of the larger Canada Child Tax Benefit (CCTB), which provides benefits to 80 per cent of all Canadian families with children; and
- it may be supplemented by provincial/territorial income-tested child benefits.

Under the NCB, the federal, provincial and territorial governments and First Nations are taking action to improve the situation of low-income families with children. The Government of Canada has increased the child benefits it provides to low-income families with children. This provides a basic level of income support for children whether their parents are in the labour market or receiving social assistance. In turn, most provinces, territories and First Nations have adjusted the income support they provide to children through social assistance programs while making sure total benefits to those families remain at least as high as they were before the NCB was introduced.

These social assistance adjustments have made funds available for reinvestment in new and enhanced benefits and services for low-income families with children, and they have made benefits equitable for all low-income families. Low-income parents will now find it easier to move into and stay in employment, as they receive a basic benefit for their children outside of the social assistance system. In addition, their children can benefit from NCB reinvestment programs.

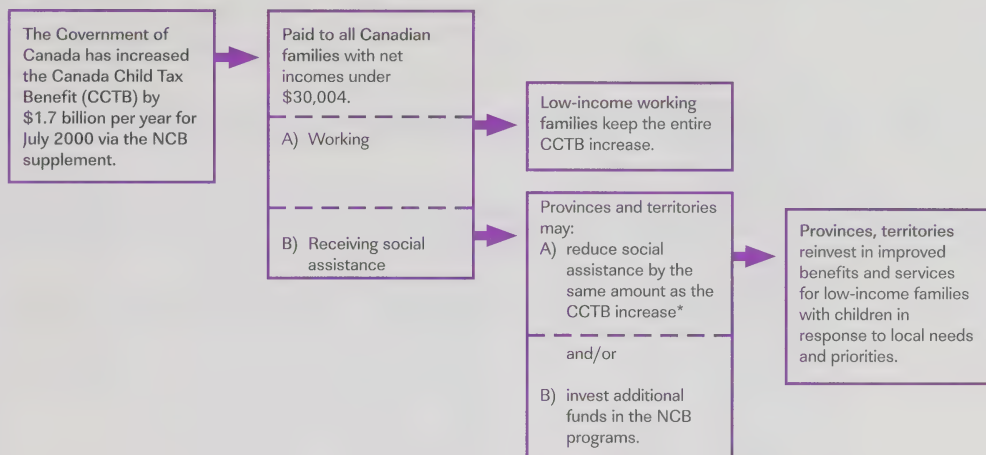
## NCB Operating Principles

The National Child Benefit:

- is a partnership between the federal and provincial/territorial governments;
- requires a significant, incremental and permanent federal investment, as well as appropriate and complementary provincial and territorial investments benefiting children in low-income families;
- will be developed through a staged approach, with the initial investment representing a starting point to a more significant investment in the future—an investment that is sufficient to remove benefits for children from the welfare system;
- involves provincial and territorial governments reinvesting social assistance funds that are made available by the federal government's investment in low-income families with children in a manner consistent with NCB objectives;
- will see provinces and territories exploring whether incremental funds can be devoted to the provincial/territorial component of the NCB, fiscal resources permitting;
- will not result in the reduction of the overall level of income support for families who receive social assistance;
- will move toward simplified administration and delivery of children's benefits by governments, and simplified receipt of benefits for families with children; and
- is considered one of a number of measures that need to be employed as part of a comprehensive approach to child poverty.



**Figure 1: How does the National Child Benefit (NCB) work?**



\* Families receiving social assistance did not see a reduction in their overall level of income support.

Governments recognize that the NCB is just one of many factors that affect child poverty and the well-being of families. Economic conditions, changing family structures, the availability of other government and private sector benefits and services, and other factors also play a role.

## The "Welfare Wall"

Before the creation of the NCB, much of what governments did to help low-income families unintentionally made it more difficult for parents to be in the labour market than on welfare. Since leaving social assistance led to the loss of benefits for their children, some parents found themselves worse off financially in low-paying jobs compared with staying on welfare.

Often, low-income working families were not eligible for the supplementary health, dental and prescription drug benefits provided to families receiving social assistance. Some of these families had difficulty paying work-related expenses such as child care, clothing and transportation, income taxes, Employment Insurance premiums and Canada Pension Plan contributions.

The term "welfare wall" is used to describe these barriers that hinder movement from social assistance to the labour market and resulted from an uncoordinated set of government supports to families. In some cases, parents on social assistance who managed to find paid work risked forfeiting thousands of dollars in child benefits and services on top of seeing their (typically low) wages reduced by taxes and employment-related costs.<sup>2</sup>

<sup>2</sup>. K. Battle and M. Mendelson (forthcoming). "Canada's National Child Benefit Reform" in *Child Benefits In Four Countries: Australia, Canada, UK and US*. Ottawa: Caledon Institute of Social Policy.

**Table 1: Comparison of Low-Wage Families and Families on Social Assistance Before NCB Initiatives**

Family on social assistance	Low-wage family
Benefits increased by number of children	Wages not related to number of children
Shelter allowance based on family size	Typically none
Prescription drug benefits, dental benefits, vision care	Typically none
Social assistance tax-free	Employment income taxed
No employment deductions	Employment deductions
No child care expenses	Possible work-related child care expenses

For example, immediately before the introduction of the National Child Benefit in July 1998, combined annual federal/provincial/territorial child benefits ranged from about \$2,220 to \$2,820 per child for families on social assistance in most provinces and territories, whereas benefits for children in working poor families were a maximum of \$1,520 annually for one child.

For two children, the difference was even greater. For example, prior to the NCB, a family with one child under seven and one child over seven received an average of \$5,253 in child benefits if it were on social assistance—close to double the \$2,753 in child benefits going to the same low-income family if it were not on social assistance.

In addition to financial factors, many low-income parents also encountered education and life skill barriers that made it even more difficult for them to avoid welfare dependence.

The NCB was designed to help lower this welfare wall by making sure that families leaving social assistance are better off working. The NCB is building a platform of child

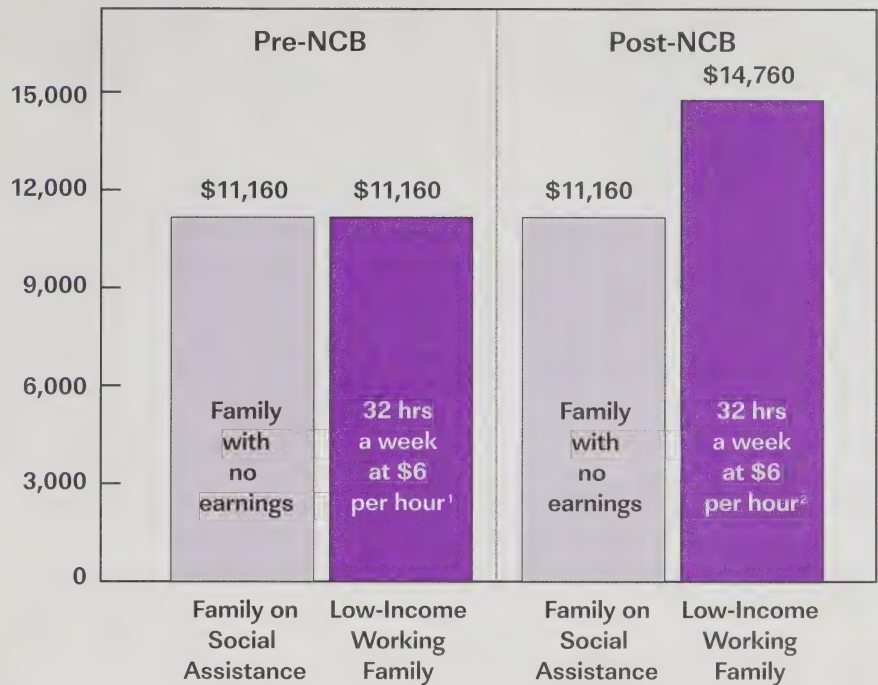
benefits outside of welfare and providing enhanced benefits and services so that when parents move from social assistance to work, supports for their children will remain in place and their quality of life will be secure.

### Lowering the Welfare Wall in Saskatchewan: An Example of the NCB in Action

Each province and territory is enhancing its own program of benefits and services for low-income families to help advance the goals of the NCB. One of the ways of seeing how the NCB is lowering the welfare wall is to compare how much disposable income a family receives from employment with what it would receive on social assistance, both before and after the establishment of the NCB.

For illustrative purposes, this example looks at the efforts of the Province of Saskatchewan to lower the welfare wall. Saskatchewan has chosen to complement federal child benefits

Figure 2: One-Parent Family With One 12-Year-Old Child Living in Saskatchewan



<sup>1</sup> Pre-NCB includes after-tax earnings, Child Tax Benefit (including Working Income Supplement) and Goods and Services Tax Credit.

<sup>2</sup> Post-NCB includes after-tax earnings, Canada Child Tax Benefit (including National Child Benefit Supplement), Goods and Services Tax Credit, Saskatchewan Child Benefit and Saskatchewan Employment Supplement.

with the Saskatchewan Child Benefit and the Saskatchewan Employment Supplement.

Before the introduction of the NCB, a Saskatchewan single parent with one child, working 32 hours a week at minimum wage, had an annual disposable income of about \$11,160. This is identical to what the parent would have received through social assistance. When one considers the additional costs of employment (such as day care, transportation and clothing),

the family would likely have been financially worse off by leaving social assistance for work.

After the introduction of the NCB, including the Saskatchewan Child Benefit and the Saskatchewan Employment Supplement, this same single parent with one child could now receive an annual disposable income of about \$14,760 from working in the same job at the same wage. The increase in disposable income is due to NCB-related increased child

benefits and the earnings supplement. The family is now about \$3,600 per year better off than if it had remained on social assistance. Through these changes, the NCB has increased the incentive to seek employment and provided increased support for parents in low-income families who have already entered the labour market.

Figure 2 illustrates the disposable income of this single-parent family before and after the establishment of the NCB and compares this amount with what the family may be eligible to receive through social assistance.

While there are many factors that influence a person's decision to seek work rather than remain on social assistance, reducing the welfare wall is one way in which the NCB is making employment a better option for low-income parents.

It is important to note that this analysis takes into account only cash benefits and not in-kind benefits, such as health benefits or other investments in employment support services. These important benefits are another significant consideration for parents when they are looking for work. Through provincial/territorial/First Nations investments and reinvestments in programs and services for all low-income families, the NCB is addressing both the income and service barriers that parents face when they look for employment.

## Summary

By providing more child benefits outside of welfare and enhanced benefits and services to low-income families with children, the NCB provides both immediate and longer-term support to help children get off to the best possible start in life. Increased child benefits are reducing child poverty, while investments and reinvestments in benefits and services for all low-income families with children are reducing the welfare wall and supporting parents' participation in the labour market. At the same time, federal, provincial and territorial governments are working in partnership to simplify the administration of child benefits, reduce duplication and enhance the effectiveness of NCB programming.

# 3. The Federal Component of the National Child Benefit

## The Federal Child Benefit System

The Government of Canada has provided child benefits to Canadian families for most of the past century. This support has taken a variety of forms, including tax benefits and family allowances. A description of past changes is provided in *The Evolution of Federal Child Benefits in Canada* on page 12.

Since July 1998, the Government of Canada has provided direct financial assistance to families with children through an enhanced Canada Child Tax Benefit (CCTB). The CCTB is a monthly payment based on family income and number of children. It is designed to recognize the cost of raising children and to help low-income families meet their children's needs.

Figure 3: The Canada Child Tax Benefit For a Two-Child Family as of July 2000

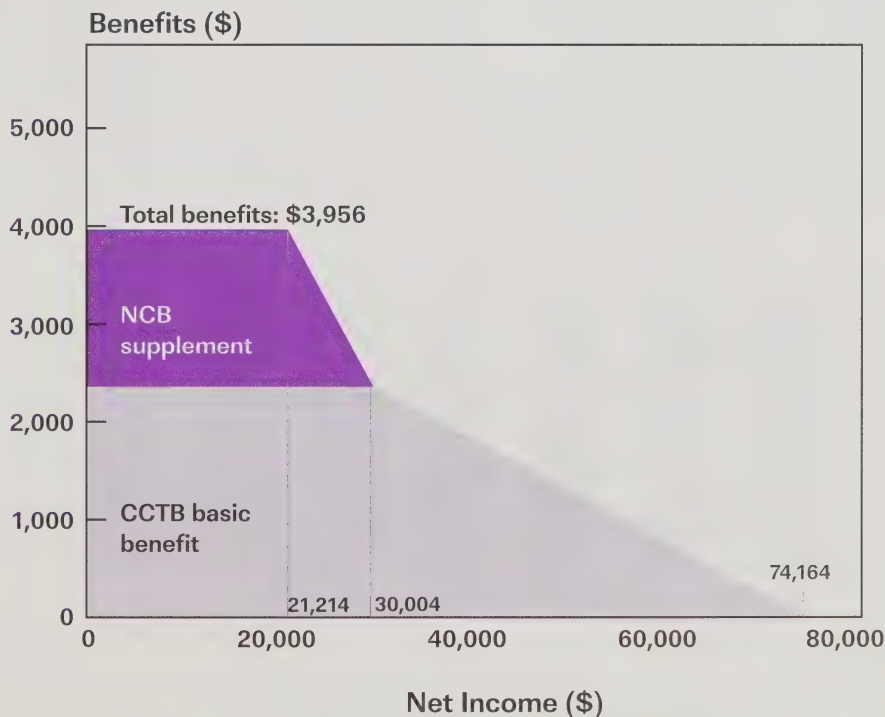




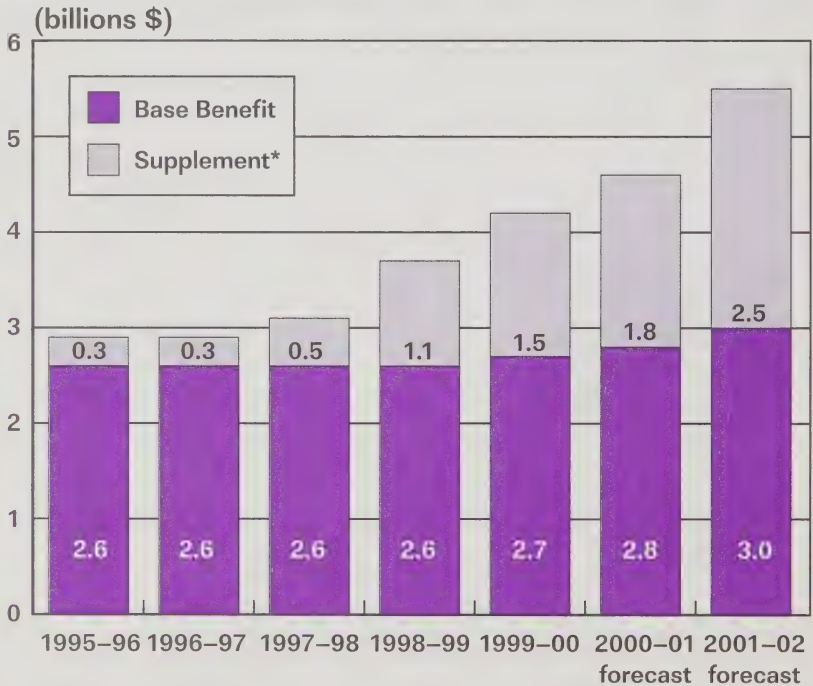
Figure 3 illustrates the amount of federal child benefits paid to a family with two children. The amount of CCTB a family receives depends on its income. Low-income families receive the highest level of benefits. As a family's income increases beyond a certain level, the amount of child benefits is gradually reduced. Through this approach, the CCTB provides higher benefits to those who need support the most.

The CCTB has two main elements: a basic benefit and the National Child Benefit supplement. The basic benefit provides

a platform of child benefits to all low- and middle-income families with children. More than 80 per cent of Canadian families with children receive this basic benefit.

The NCB supplement provides low-income families with additional child benefits on top of the basic benefit. The Government of Canada is contributing to the NCB initiative through investments in the NCB supplement.

Figure 4: Annual CCTB Expenditures for Low-Income Families 1995–96 to 2001–02



\* Includes the former Working Income Supplement for the years 1995–96 to 1997–98.

**Table 2: Comparison of Maximum Federal Child Benefits in 1996 and 2001**

Number of children	1996–97 Maximum CTB+WIS	2001–02 Maximum CCTB+NCBS	Percentage increase in federal benefits
1	\$1,520	\$2,372	56%
2	\$2,540	\$4,544	79%
3	\$3,635	\$6,719	85%
4	\$4,730	\$8,894	88%

Note: Benefits do not include an additional \$221 provided for each child less than seven years of age for whom no child care expenses were claimed.

## Increase in Child Benefits Targeted to Low-Income Families

Since 1997, the Government of Canada has been increasing the level of benefits paid to low-income families in July of each year. Figure 4 shows the total value of the CCTB paid to low-income families since 1995 and includes projected expenditures up to 2001–02. The federal investment in the NCB supplement has increased dramatically from \$300 million spent in 1996–97 on the previous Working Income Supplement to an estimated \$2.5 billion in 2001–02. In addition, families receiving the NCB supplement also gain from increases in the basic benefit, which will rise from \$2.6 billion in 1996–97 to an estimated \$3.0 billion in 2001–02.

These payments of \$5.5 billion in 2001–02 will be made to low-income Canadian families on behalf of over 2.5 million children. Not illustrated in Figure 4 are the benefit payments received by middle-income families for an estimated total of \$8.0 billion in 2001–02, up from \$5.1 billion in 1996–97.

As illustrated in Table 2, by July 2001 this increased investment will provide an annual benefit of up to \$4,544 to low-income working families with two children, compared with the maximum annual benefit of \$2,540 that such a family would have received in 1996. This amount represents an increase in federal child benefits of 79 per cent. By 2004, low-income families will receive maximum CCTB annual benefits of \$2,500 for a first child and \$2,300 for a second and each subsequent child, totalling \$4,800 for a two-child family.

Table 3 (on page 13) shows the number of children benefiting from the NCB supplement and the total amount of benefits by province and territory during the first two years of the NCB. Some families receiving social assistance see these amounts offset by reductions in the child benefits they receive from their province, territory or First Nation. Where jurisdictions offset these funds, they are reinvesting them in NCB programs and services for children (described in the next chapter).

## The Evolution of Federal Child Benefits in Canada

Government of Canada support to families with children dates back to 1918 with the introduction of the **Child Tax Exemption** in personal income tax. The Child Tax Exemption provided income tax savings that increased with taxable income. The exemption provided no benefits to families that did not owe income tax.

**Universal Family Allowances** were introduced in 1945, providing benefits to all Canadian families with dependent children. The Family Allowance remained “purely” universal until its reform in 1973, when its benefit levels were tripled, indexed to the cost of living and made taxable.

The Government of Canada continued this more targeted approach to child benefits with the introduction of the income-tested **Refundable Child Tax Credit** in 1978. This credit provided the maximum benefit to low-income families, a declining amount to middle-income families and no benefit to wealthy families.

In 1993, the Government of Canada consolidated its child tax credits and the Family Allowance into a single **Child Tax Benefit (CTB)** that provided a monthly payment based on the number of children and the level of family

income. In addition to a basic benefit, the Child Tax Benefit included a **Working Income Supplement (WIS)** to supplement the earnings of working poor families. Total support through the CTB was \$5.1 billion in 1993.

In July 1998, the Government of Canada replaced the WIS with the **National Child Benefit** supplement paid to all low-income families as part of the **Canada Child Tax Benefit**. As its initial contribution to the NCB initiative, the Government of Canada committed an additional \$850 million per year to the new NCB supplement. This was on top of the \$5.1 billion per year that was already provided through the CCTB.

Since 1998, the federal investment in the CCTB has risen dramatically. As of July 2000, the total federal increase in support for families with children through the CCTB reached \$2 billion in ongoing funding (\$1.7 billion through the NCB supplement and \$300 million added to the basic benefit).

Looking to the future, the Government of Canada has made a commitment to continue to improve child benefits for Canadian families through the CCTB. The 2000 federal Budget announced that the Government of Canada would increase its investment in the CCTB by a further \$2.5 billion by 2004. The Budget also announced that CCTB funding would automatically rise with inflation.

**Table 3: National Child Benefit Supplement\* Paid to Low-Income Families with Children for 1998–99 and 1999–2000**

Jurisdiction	July 1998–June 1999		July 1999–June 2000	
	Number of children receiving the supplement	Benefit for July 1998–June 1999	Number of children receiving the supplement	Benefit for July 1999–June 2000
Newfoundland and Labrador	54,300	\$24,300,000	53,900	\$31,400,000
Prince Edward Island	11,800	\$4,980,000	12,500	\$6,870,000
Nova Scotia	84,500	\$37,590,000	85,500	\$50,260,000
New Brunswick	68,600	\$30,690,000	70,100	\$40,910,000
Quebec	588,700	\$255,520,000	603,200	\$341,290,000
Ontario	849,600	\$371,250,000	879,400	\$504,420,000
Manitoba	120,000	\$49,890,000	124,300	\$69,120,000
Saskatchewan	118,800	\$49,120,000	124,500	\$69,480,000
Alberta	239,900	\$100,800,000	248,100	\$138,430,000
British Columbia	324,400	\$143,670,000	339,900	\$198,690,000
Nunavut**	not applicable	not applicable	4,600	\$2,490,000
Northwest Territories	9,200	\$3,820,000	4,900	\$2,680,000
Yukon	2,700	\$1,160,000	2,700	\$1,580,000
<b>Total***</b>	<b>2,474,100</b>	<b>\$1,073,240,000</b>	<b>2,555,300</b>	<b>\$1,458,202,000</b>

\* Includes the value of the former Working Income Supplement (WIS).

\*\* Nunavut was created in April 1999. NWT data for 1998–99 includes Nunavut.

\*\*\* Includes Canadians living outside of Canada.

## A Secure Child Benefit System

A strong child benefit system must provide families with a secure source of support for their children. This is particularly true for low-income families, who often face financial insecurity. The Government of Canada has taken steps to ensure that child benefits are protected against the erosion of inflation. Beginning in January 2000, the CCTB system was indexed to match increases in inflation. This means the basic benefit, the NCB supplement

and the income levels at which families become eligible for benefits are now fully protected against inflation.

## Total Federal Investment in the NCB

In addition to the large and growing investment in the NCB supplement to low-income families, the Government of Canada has other investments related to the NCB initiative. These include the



**Table 4: Total Federal NCB Expenditures on a Program-Year Basis**  
(\$ million estimated)

	1998–99	1999–00	2000–01
NCB supplement	1,073.2	1,458.2	1,883.0
Children's Special Allowance	29.0	39.0	50.0
Transitional assistance	16.8	n/a	n/a
Citizenship and Immigration Canada	1.5	0.9	0.9
Indian and Northern Affairs Canada	8.2	8.2	6.2
<b>Total expenditure</b>	<b>1,128.7</b>	<b>1,506.3</b>	<b>1,940.1</b>

Note: INAC figures were adjusted from a fiscal- to program-year basis.

Children's Special Allowance for supporting children in the care of foster parents, government departments or agencies; NCB-related investment for First Nations (over and above NCB reinvestment funds); and additional investment in the Resettlement Assistance Program (RAP) for government-assisted refugees through Citizenship and Immigration Canada (CIC). More details on these programs are included in Appendix 1—Federal Statistics, as well as Appendix 2 for First Nations and CIC.

Total federal NCB expenditures, as summarized in Table 4, were about \$1.13 billion in 1998–99, rising to an estimated \$1.5 billion in 1999–2000. For 2000–01, total expenditures will approach \$2 billion.

## Summary

Federal increases in the CCTB are the foundation of an emerging national platform of child benefits for Canadian families. This national platform currently provides benefits to over 80 per cent of Canadian families. By 2004, 90 per cent of Canadian families with children will receive the CCTB.

As part of the NCB initiative, the Government of Canada has dramatically increased the CCTB for low-income families with children. As a result, low-income families are receiving more in child benefits provided outside of the welfare system. This change has important implications, as it provides child benefits that families keep when they move from welfare to employment.



# 4. The Provincial and Territorial Component of the NCB

Under the National Child Benefit, the Government of Canada increases the benefits it provides to low-income families with children. For families receiving social assistance in most provinces and territories, these increased federal benefits replace part of their social assistance payments.<sup>3</sup> This process maintains the level of benefits going to families on social assistance, while providing new benefits to low-income working families. Provinces and territories<sup>4</sup> reinvest the funds that are made available through this process in programs and services that further the goals of the NCB and benefit low-income families with children. These funds are referred to as “reinvestments.” Some jurisdictions are investing additional funds in these benefits and services. These additional funds are referred to as “NCB investments.” These investments, combined with reinvestment funds, are referred to in this report as NCB initiatives.

<sup>3</sup> In 1998–99, New Brunswick and Newfoundland and Labrador chose not to adjust social assistance payments by the amount of the NCB supplement. New Brunswick continued this policy through 1999–2000. Newfoundland and Labrador adjusted the income support program in 1999–2000 with the introduction of the Newfoundland and Labrador Child Benefit as the provincial reinvestment initiative. In 2000–01, Newfoundland and Labrador, New Brunswick and Manitoba did not recover the NCB supplement increase.

<sup>4</sup> The Government of Quebec chose not to participate in the National Child Benefit initiative but has acted on its own in a comparable way. The Quebec government’s reinvestments are not reflected in figures presented in this report. However, First Nations in Quebec do participate in the NCB, and their reinvestments are included in Chapter 5.

## Focus on Saskatchewan

Launched in July 1998, **Building Independence** represents the most significant change to Saskatchewan’s income security programs in 35 years. Three of the four Building Independence programs are part of the NCB initiative.

- The **Saskatchewan Child Benefit** provides a monthly payment to assist low-income families with the cost of raising children.
- The **Saskatchewan Employment Supplement** assists low-income families that have income from employment and maintenance.
- The **Family Health Benefits** program provides supplementary health benefits to children in low-income families to support working families and reduce the risk that children’s health costs might drive families onto social assistance.

Building Independence programs provide support outside of welfare, helping parents to move into the labour market and stay there. They address the root causes of low income by helping parents to take advantage of opportunities for a better life.

This approach achieves results. In the two years since the Building Independence programs were introduced, 2,500 fewer Saskatchewan families with children rely on social assistance.

NCB initiatives build on significant prior investments made by several provinces and territories before the launch of the NCB to support low-income families with children. These investments continue outside the context of the NCB. In addition, provincial and territorial governments continue to provide important financial support to low-income families with children through social assistance or integrated child benefits.

Low-income families—including families receiving social assistance—benefit from the NCB through new or enhanced provincial/territorial initiatives. They also receive the NCB supplement whether or not they are in the labour market. This support reduces the welfare wall and helps families to become self-sufficient.

**Table 5: Provincial/Territorial and First Nations NCB Initiatives Reinvestments and Total Initiatives, by Jurisdiction 1998–99 Expenditures and Estimates for 1999–2000 and 2000–01 (millions \$)**

Jurisdiction	Expenditures		Estimates		Estimates	
	1998–99		1999–2000		2000–2001	
	Reinvestment	Total Initiatives	Reinvestment	Total Initiatives	Reinvestment	Total Initiatives
Newfoundland and Labrador	0.27	3.92	5.12	17.28	6.85	19.54
Prince Edward Island	0.86	0.86	1.45	1.45	1.70	1.70
Nova Scotia	8.29	8.93	17.64	18.54	23.34	24.21
New Brunswick	n/a	0.63	n/a	6.42	n/a	7.02
Ontario	92.77	105.67	151.01	173.53	183.00	208.60
Manitoba	9.07	10.90	15.67	19.72	16.06	32.06
Saskatchewan	13.01	37.43	21.21	43.99	26.60	44.10
Alberta	6.20	6.20	22.00	22.00	31.50	31.50
British Columbia	60.00	60.00	121.25	121.25	176.25	176.25
Yukon	0.10	0.12	0.20	0.65	0.29	1.08
Northwest Territories*	1.21	3.21	0.66	2.36	1.17	2.59
Nunavut**	n/a	n/a	1.57	2.33	unavailable	unavailable
First Nations	24.16	30.54	43.46	51.56	46.85	55.19
Citizenship and Immigration Canada	0.50	1.95	2.41	3.33	2.70	3.61
<b>Total</b>	<b>216.44</b>	<b>270.36</b>	<b>403.66</b>	<b>484.41</b>	<b>516.31</b>	<b>607.45</b>

\* Data for 1998–99 includes Nunavut.

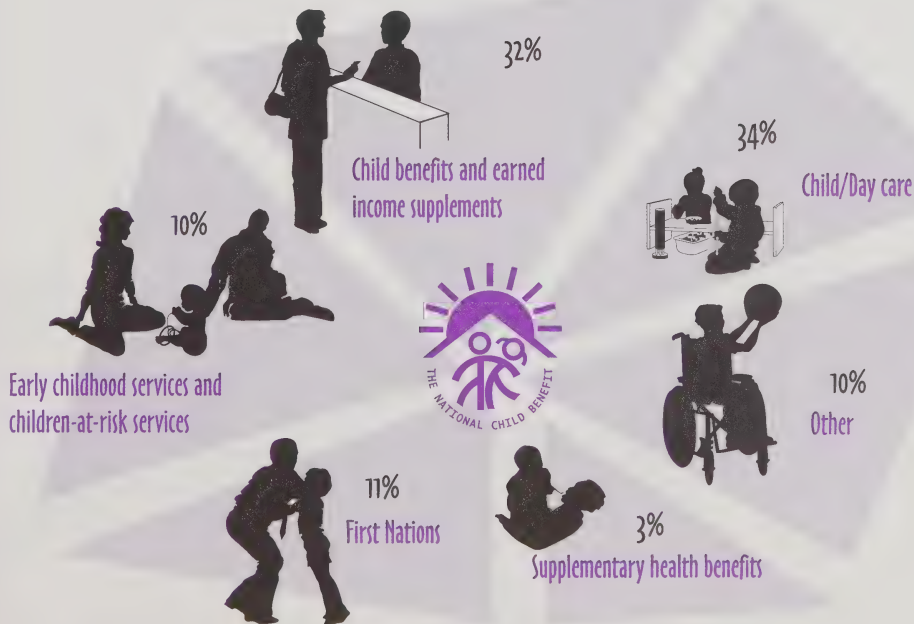
\*\* The territory of Nunavut was created in April 1999. No data available for 2000–01.

## \$484 Million in NCB Initiatives in 1999–2000

In the NCB's first fiscal year, provincial, territorial and First Nations reinvestments totalled \$216 million (not including Quebec), and additional investments by provinces, territories and First Nations totalled \$54 million. This occurred over a nine-month period from July 1998, when the NCB was launched, to the end of the fiscal year in March 1999.

For the 1999–2000 fiscal year (representing a full 12-month period), reinvestments totalled an estimated \$404 million, with additional investments of approximately \$80 million. Table 5 provides a breakdown of each jurisdiction's reinvestments and total spending on NCB initiatives. Details on First Nations initiatives, which account for approximately 10 per cent of NCB initiatives, are reported in Chapter 5. Details for CIC are reported in Appendix 2.

**Figure 5: Summary of Provincial/Territorial and First Nations NCB Initiatives, by Program Area, 1999–2000 Estimates**



## Focus on British Columbia

**Publicly funded care for children** from kindergarten to age 12 will be available before and after school for \$7 a day starting January 2001 as part of BC's commitment to helping parents find safe, affordable child care.

The \$7 fee will apply to children who attend licensed child care centres for before- and after-school child care during the school year. BC has about 800 centres with a capacity of 19,000 spaces. As part of the province's NCB reinvestment strategy, it is devoting \$14 million in 2000–01 and \$30 million in 2001–2002 to fund these spaces, with room for a modest expansion in the program from current enrolment levels.

The BC government is working with parents, child care providers and school districts to implement this initiative. The new provincial child care program will expand in the future to include younger children as the budget permits. BC invests about \$188 million annually in child care, including subsidies to parents in low-income families and upgrades to child care facilities.

In determining NCB initiatives, provinces and territories are guided by the National Reinvestment Framework agreed to by the Ministers Responsible for Social Services.<sup>5</sup> Under the reinvestment framework, provinces and territories have the flexibility to make decisions on reinvestments and total initiatives that respond to each jurisdiction's needs and priorities while meeting the objectives of the NCB.

Many provinces, territories and First Nations base their reinvestment decisions on formal or informal consultations with their residents or are including such consultations in a broader based redesign of income supports.

Reinvestments are providing new or enhanced supports for low-income families in five key areas:

- child benefits and earned income supplements;

- child/day care initiatives;
- early childhood services and children-at-risk services;
- supplementary health benefits; and
- other services.

Each of these areas is described in this chapter, including examples of provincial and territorial initiatives and how they are furthering the NCB's goals.

## Child Benefits and Earned Income Supplements

Child benefits and earned income supplements offer important financial support for low-income families. Increasingly, these benefits are being provided outside of the welfare system so that families receive child benefits whether the parents

<sup>5</sup>. First Nations also follow a reinvestment framework, which is administered by Indian and Northern Affairs Canada and described in Chapter 5. Citizenship and Immigration Canada administers the Resettlement Assistance Program, which provides new immigrants and refugees with benefits that reflect the amounts that jurisdictions provide through social assistance. As a result, there is also an NCB reinvestment component to this program.



## Focus on Nova Scotia

Nova Scotia's **Healthy Child Development Initiatives** are designed to give children a better start in life. The programs provide parent education and support, services for families that have children with special needs, and subsidized child care.

Nova Scotia's first portable child care spaces were assigned in 2000. These subsidized spaces are assigned to particular children and not to specific child care centres. The subsidy follows a child if the family moves within the province. This gives parents more flexibility in seeking training and employment.

are currently working or not. These child benefits improve the financial stability of low-income families, offset lower wages that are often tied to entry-level jobs and enable parents to stay in the labour market and work toward higher wages.

Several provinces have completely restructured their social assistance systems to provide child benefits outside of social assistance. As a result, families in these jurisdictions keep their provincial child benefits—in addition to the NCB supplement—when they make the transition from welfare to work. Several other jurisdictions provide child benefits that top up the amount families receive through social assistance in support of their children. In most of these

jurisdictions, the provincial or territorial child benefit is integrated into the Canada Child Tax Benefit monthly payment. This step reduces administration, the third goal of the NCB, as families receive just a single monthly payment.

Some jurisdictions also provide low-income working families with an earned income supplement. This is a form of child benefit that provides families with an employment incentive in the form of additional resources to help with the cost of raising children. Eligibility is tied to earning a certain minimum amount from employment. Earned income supplements top up family earned income for low-wage earners, helping families to cover the added costs of employment.

## Focus on Prince Edward Island

By participating in the National Child Benefit initiative, PEI has enriched its child care subsidies. In its first two years, the **PEI Child Care Benefit** has helped to increase the number of children covered by child care subsidies from about 800 per month to 1,200.

The benefit program also provides more assistance per child. Changes such as this are helping more PEI families leave social assistance. Since 1998, the number of families on the social assistance caseload in PEI has dropped by more than 25 per cent. While many factors have contributed to this success, the availability of affordable and quality child care continues to be one of the building blocks to help low-income families participate in the labour force.



**Table 6: Child Benefits and Earned Income Supplements — NCB Initiatives**

	1998–99 Expenditures	1999–2000 Estimated	2000–2001 Estimated
<b>Provincial/territorial &amp; CIC expenditures</b>	<b>\$95.3 million</b>	<b>\$152.0 million</b>	<b>\$164.8 million</b>
<b>Percentage of total NCB initiatives</b>	<b>35.2%</b>	<b>31.4%</b>	<b>27.1%</b>

Child benefits and earned income supplements have accounted for the second largest share of NCB initiatives in each year of the NCB.

## Child/Day Care

Lack of accessible and affordable child care can be a barrier to employment for low-income parents. Improving access to affordable child care reduces this barrier and contributes to healthy child development.

Provincial and territorial NCB investments in child care have taken a variety of forms, with eight provinces devoting NCB funding to this area. Child/day care has accounted for the largest share of NCB initiative funding in each of the NCB's first three years. About 85 per cent of this funding is for a single program—Ontario's Child Care Supplement for Working Families.

Some jurisdictions provide funding through subsidies to child care facilities that enable these facilities to offer low-income working families access to child care. Others, like the Ontario Child Care Supplement for Working

**Table 7: Child/Day Care — NCB Initiatives**

	1998–99 Expenditures	1999–2000 Estimated	2000–2001 Estimated
<b>Provincial/territorial expenditures</b>	<b>\$99.6 million</b>	<b>\$167.0 million</b>	<b>\$215.0 million</b>
<b>Percentage of total NCB initiatives</b>	<b>36.9%</b>	<b>34.5%</b>	<b>35.4%</b>

## Focus on Ontario

In Ontario, more than 568,500 people, including more than 249,500 dependent children, have stopped relying on welfare since 1995. This positive trend has been supported by:

- a strong economy, which has created 830,000 net new jobs in the same period;
- Ontario welfare reforms that help parents find and keep jobs by giving them work experience while on assistance; as well as,
- Ontario's participation in the National Child Benefit initiative, including Ontario's reinvestment program, the **Ontario Child Care Supplement for Working Families**.

# Focus on the Yukon

The **Kids' Recreation Fund** is one of the Yukon's most popular recent program additions. It grew out of discussions on the territorial government's anti-poverty strategy. Low-income families said that not being able to afford recreational opportunities for their children was one of their greatest frustrations.

The Kids' Recreation Fund pays up to \$300 per child per year for registration fees and/or special clothing, supplies and equipment for children in low-income families to participate in organized sport, recreation, arts, cultural and social activities. With assistance from this program, children in low-income families can participate in more of the positive, healthy activities that children and families need.

The Kids' Recreation Fund has been so successful that its initial funding was spent before the end of its first year. Its popularity has resulted in a commitment of increased and permanent government funding, and there are plans to seek private sponsorship to expand its benefits to low-income families.

Families, provide assistance directly to families to reduce their share of child care costs while allowing families to choose the form of child care that best suits their needs. Some take a combination of both approaches.

Each of these forms of support is focused on helping low-income families cover the additional costs of child care that result from being employed. Each approach adapts to the specific environment and needs of families in the jurisdiction.

# Early Childhood Services and Children-at-Risk Services

The first six years of life are critical to children's development and future well-being. Several jurisdictions are focusing NCB reinvestments on service-related programs that provide early support to optimize child development and give young children a healthy start in life. These programs range from information on nutrition to prenatal screening and parenting skills.

**Table 8: Early Childhood and Children-at-Risk Services — NCB Initiatives**

	1998–99 Expenditures	1999–2000 Estimated	2000–2001 Estimated
Provincial/territorial expenditures	\$15.5 million	\$50.4 million	\$75.6 million
Percentage of total NCB initiatives	5.7%	10.4%	12.4%

# Focus on New Brunswick

During the 1999–2000 school year, the New Brunswick government piloted a **Healthy Minds** breakfast program in two school districts as one of the province’s NCB initiatives.

The pilot attempted to address the nutritional needs of students from kindergarten to Grade 5 in a non-stigmatizing way. More than 2,000 children had access to breakfast foods on an as-needed basis. Participating schools received a per student subsidy, assuming that 20 per cent of students would participate. In addition, schools received \$500 to assist with program-related delivery costs and further funding for equipment.

The evaluation of the pilot was extremely positive. One of the key findings was that schools wanted more flexibility and autonomy in their delivery of a school nutrition program. In response, the New Brunswick government allowed districts to determine the extent of the program they offer (e.g., emergency cupboard, breakfast, snack or lunch) when it expanded the program to all areas of the province during the 2000–01 school year. Renamed the **Healthy Minds Nutritional Partnership**, the program will benefit up to 7,276 students across the province.

It is also vital for children and youth who are at risk to receive support to help them develop in positive directions. Children-at-risk services, ranging from early literacy classes to recreation programs and youth community programs, can make a positive difference to these children.

Programs in this area currently account for the third largest share of NCB initiative funding. This area of investment has grown the most of all categories in terms

of the number of jurisdictions investing in it—increasing from six jurisdictions to ten over the three years of the NCB.

## Supplementary Health Benefits

Supplementary health benefits are benefits beyond medicare coverage that are available in some provinces and territories to children in low-income families. These

Table 9: Supplementary Health Benefits — NCB Initiatives

	1998–99 Expenditures	1999–2000 Estimated	2000–2001 Estimated
Provincial/territorial expenditures	\$6.5 million	\$16.5 million	\$24.9 million
Percentage of total NCB initiatives	2.4%	3.4%	4.1%

## Focus on the Northwest Territories and Nunavut

The **Healthy Children Initiative** began in the NWT and was adopted by Nunavut when the territory was created. The initiative is based on the understanding that the healthy development of children is essential to the future of society. Communities submit proposals to deliver programs and services to support young children and their families. Each community receives funding based on how many children under age six live there, indexed for income, cost-of-living and a population ratio.

Funding from the Healthy Children Initiative has supported the Hay River-based Growing Together, Prenatal/Early Childhood Initiative for three years. This project began in November 1997 and has grown into a centre that offers programs for the entire family, focusing on children up to six years of age.

During the 1999–2000 fiscal year, 58 parents and 68 children used one or more services of Growing Together. Programs include: cooking circles, sewing circles, parent's time out, play groups, a toy lending library and workshops/field trips for parents and children.

programs ensure that families do not lose important health benefits when they move from welfare into the labour market. This makes it easier for families to leave social assistance because they can still rely on these important benefits for their children.

The health benefits provided vary from one jurisdiction to another. Benefits range from optical care to dental care and prescription drugs. Alberta's Child Health Benefit represents a significant initiative that makes up about 70 per cent of the total amount being spent in this area across Canada.

## Focus on Alberta

The **Alberta Child Health Benefit (ACHB)** makes it easier for families to move from social assistance to the labour market and ensures that parents who are already working do not need to turn to social assistance to help their children. All children in low-income families qualify for the program, provided their parents are not on social assistance.

The program improves the lives of nearly 60,000 children by ensuring that they have access to the medicines, dental treatment and optical services they need to progress in school and develop into healthy adults.

Students whose children receive the ACHB were surveyed about the program. Almost 97 per cent of them felt that the program provided the basic services their children required to stay healthy. More than 94 per cent said that the ACHB made it easier for parents to return to school.



## Focus on Newfoundland and Labrador

In October 1998, Newfoundland and Labrador introduced **Extended Drug Coverage** for families who leave income support programs due to new employment or increased wages.

The program is intended to reduce the barriers low-income families face when they seek employment. It provides six months of full prescription drug coverage and limited dental coverage to help families make the transition to independence.

An analysis of families who benefited from this program indicated:

- prescription drugs were ranked third in importance on the list of family costs, below food, and clothing and shelter; and
- 63 per cent of families who received Extended Drug Coverage are no longer receiving income support.

Supplementary health benefits have grown over the three years in terms of the number of jurisdictions investing in them (five in 2000–01), the dollars invested and the proportion of total investments that are devoted to this area.

## Other NCB Initiatives

The flexibility of the NCB enables provinces, territories and First Nations to come up with their own unique answers

to the specific challenges facing their jurisdictions. Six jurisdictions have reinvestments in the category “other NCB initiatives.”

The wide variety of reinvestments undertaken by Ontario municipalities, which share responsibility for social assistance with the province, are examples of other initiatives. Municipal reinvestments range from early intervention and child care to employment supports and prevention programs. Other reinvestments account for the fourth largest share of NCB initiative funding.

**Table 10: Other — NCB Initiatives**

	1998–99 Expenditures	1999–2000 Estimated	2000–2001 Estimated
Provincial/territorial & CIC expenditures	\$22.8 million	\$47.0 million	\$72.1 million
Percentage of total NCB initiatives	8.5%	9.7%	11.9%



## Focus on Manitoba

The Manitoba government has introduced new measures to help families who receive Employment and Income Assistance benefits to improve their health and well-being.

**Building Independence** is the centrepiece of a new strategy designed to offer opportunities to income assistance participants who are looking for work and want to participate meaningfully in their communities. By providing tools such as child care and voicemail services, job readiness assessments, real links to training and employment, and support to agencies, this initiative helps families on assistance prepare for employment.

In addition to helping families connect or reconnect with the labour market, improvements have been made to the income support system for low-income families with children. Families with children age six and under receiving income assistance receive an additional \$20 per month per child; families with school-age children receive an increased school supplies allowance; and families with children benefit through improvements to work incentive levels that ease the transition from welfare to work. These measures help provide the supports people need to lead more dignified, secure lives.

## Summary

Provincial, territorial and First Nations reinvestments and investments in benefits and services for low-income families with children have expanded over the three years of the NCB. They play an important part in providing families with resources to improve their children's well-being and in supporting parents in their efforts to succeed in the labour market. The establishment and growth of the NCB has enabled jurisdictions to build and enhance these benefits and services.

NCB benefits and services have expanded their range over three years and are reaching increasing numbers of children. Combined with the federal increase in income support for children through the NCB, these initiatives are making a difference to low-income families.



# 5. First Nations and the National Child Benefit

Aboriginal people represent approximately 4.5 per cent of the Canadian population—a percentage that has almost doubled over the past 15 years. Approximately 176,000 First Nations children under the age of 18 live on-reserve.

With a higher birth rate than the Canadian average, Aboriginal children are the fastest growing segment of the Canadian population. Aboriginal children tend to be in larger-than-average families, are twice as likely to be in single-parent families and experience greater levels of low income and unemployment when compared with other Canadian children. In 1995, three out of five Aboriginal children under the age of six were in low-income families, compared with the national average of one in five.

The Aboriginal population participates broadly in the NCB through provincial and territorial initiatives. For First Nations living on-reserve, the situation is somewhat unique in that they design and implement their own community-based NCB initiatives according to an implementation framework developed by Indian and Northern Affairs Canada (INAC). This chapter deals specifically with First Nations living on-reserve who administer the NCB reinvestment in their community.

## Samson Cree Nation

The Samson Cree Nation, located south of Edmonton, has implemented the **Healthy Families Project**, a voluntary intensive home visiting program to help families prepare for and care for newborns.

The goal is to provide positive parenting and healthy child development skills, thereby improving child outcomes. The project works with families to identify their strengths and helps them gain access to existing services in the community. This initiative works to provide the mother-to-be with information during her pregnancy, to identify abuse or neglect, to develop a variety of activities aimed at stimulating children after they are born and to develop a nutrition program.

The desired result of these activities is a better start for children and improved long-term success in life.

## Implementation of the NCB in First Nations Communities

The Government of Canada ensures that programs for First Nations children on-reserve are comparable with those available broadly to other Canadian children. *Gathering Strength—Canada's Aboriginal Action Plan* stresses the importance of strengthening communities, people and economies. The

First Nations reinvestment component of the National Child Benefit reinforces this focus and was designed to give First Nations the flexibility to meet their varying needs within the goals of the NCB.

Initially, First Nations faced significant challenges in implementing the NCB initiative. For example, eligibility for the Canada Child Tax Benefit is established through the income tax system. Traditionally, this system was not used by First Nations people, but it is increasingly important in the delivery of income support programs by governments. Other challenges included:

- the need to reconcile the NCB with the increased jurisdictional autonomy being extended to many First Nations and the differing arrangements that exist for First Nations that have social services authority through self-government arrangements;
- the varying capacity of First Nations communities to implement and monitor NCB reinvestment programs, and the high priority many place on building community capacity within First Nations, particularly in smaller communities; and
- the relative isolation of many First Nations communities, which limits economic opportunities and links to labour markets.

## Mohawk Council of Akwesasne

In Ontario, the Mohawk Council of Akwesasne has developed a program to address a specific group within its community that it feels is under-served— young males aged 18 to 24.

The program, known as **Nuts and Bolts**, seeks to motivate participants to become involved in a variety of trades. Academic courses, ranging from computers to mathematics to English, are provided in the mornings, while the afternoons are spent working at trades ranging from auto care and electrical training to welding and woodworking.

In each of these sessions, participants learn the tools of the trade and job safety techniques. The program has helped participants improve their academic skills, in some cases even learn to read, while allowing them to gain work-related skills.

Despite these challenges, NCB reinvestments provide First Nations with the flexibility to design and develop innovative community-based programs to strengthen their communities for future generations.

**Table 11: First Nations NCB Initiatives (millions \$)**

1998–99 Expenditures	1999–2000 Estimated	2000–2001 Estimated
30.5	51.6	55.2

## First Nations Initiatives

Approximately 600 First Nations across Canada participate in the NCB initiative. Each of these communities implements NCB reinvestment programs according to established guidelines applying to the province or territory where it is located.

Each region of INAC establishes its own framework for NCB reinvestment based on provincial/territorial frameworks. The applicable INAC framework then guides First Nations in developing their reinvestment initiatives. These region-specific frameworks take into account provincial or territorial programming and the level of investment and/or reinvestment in that province or territory. The onus is on First Nations to ensure that the reinvestment initiatives they design and implement meet NCB objectives.

First Nations programs vary from community to community and tend to cover a wider range of program areas than their provincial and territorial counterparts. This is due to the large variation in the amount of reinvestment funds available to different communities and the efforts of First Nations to tailor reinvestments to meet communities' specific needs.

In regions where the province or territory has made investments in excess of reinvestment funds, additional federal funding is provided to ensure an equivalent level of programs for First Nations children. In 1998–99, for example, the Saskatchewan region received additional funding to cover

## Opaskwayak Cree Nation

The Opaskwayak Cree Nation (OCN), situated on the shores of the Saskatchewan River about 620 km north of Winnipeg, is continually working on new and innovative ways of serving its members.

Using a combination of reinvestment funds and existing band resources, OCN has implemented a variety of reinvestment programs, including **Breakfast for Kids, Children's Clothing, High School Summer School, College Preparation** and the **High School Child Care Centre Subsidy**.

These programs complement each other, focusing on youth development through education and work skills programs. In this way, children's long-term success is enhanced, and the NCB goals of preventing child poverty and increasing labour market attachment are furthered.

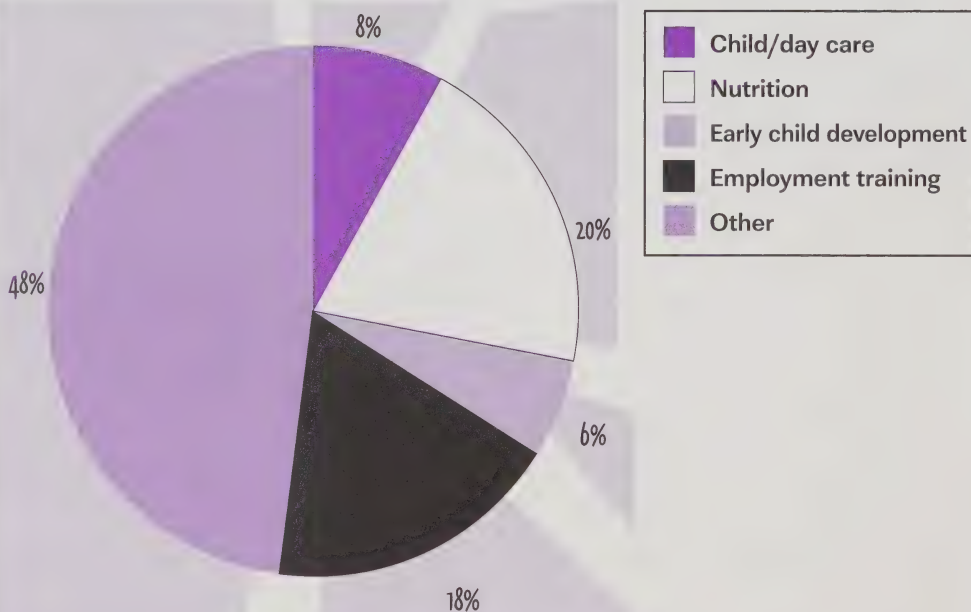


a provincial investment in the Saskatchewan Child Benefit. Also, additional funding was provided to the Yukon for the Yukon Child Benefit, which was implemented in 1999–2000.

The following areas were the focus of First Nations reinvestments and investments in 1998–99:<sup>6</sup>

- **Child/Day Care**—programs to develop and enhance day care facilities and the provision of child care services. They allow more low-income families to gain access to day care spaces or have their share of child care costs reduced.
- **Child Nutrition**—programs directed at improving the health and well-being of children by providing school meal programs as well as education to parents on family nutrition and meal preparation.
- **Early Childhood Development**—programs that focus on parenting skills and drop-in centres for parents. These programs are directed at early intervention for parents to help their children get a healthy start in life.

**Figure 6: Summary of First Nations NCB Initiatives, by Program Area, 1998–99**



<sup>6</sup> Appendix 2 provides more details on NCB expenditures by First Nations both by region and program area.

- **Employment Opportunities/ Training Programs**—initiatives directed at increasing the skill level of parents, thereby increasing their chances of obtaining employment. Examples include employment and skills development, youth summer work programs and personal development workshops.
- **Other**—a broad range of initiatives ranging from cultural awareness and traditional teachings to recreation activities and income supplements for low-income families.

## Who Benefits

Although it is difficult to assess the number of children and families specifically benefiting under the National Child Benefit, it is evident that a significant number of First Nations are involved in reinvestment programs. While the figures that follow were submitted by First Nations, they represent only a benchmark from which the number of children and families benefiting from the NCB can be estimated. Given that, in some instances, First Nations combined resources with existing resources allocated for a current program (e.g., Aboriginal Head Start, First Nation and Inuit Child Care), there may be more children benefiting than are included in the numbers below. The data include only those First Nations for which NCB has funding responsibility and excludes self-governing First Nations in the Yukon.

**Table 12: Estimated Number of First Nations Families and Children Benefiting from NCB Reinvestments, 1998–99 and 1999–2000**

Region	Approximate Number of Families		Approximate Number of Children	
	1998–1999	1999–2000	1998–1999	1999–2000
Yukon	322	307	554	617
British Columbia	4,174	11,680	6,823	22,236
Alberta	3,638	2,578	9,648	8,529
Saskatchewan	918	4,204	2,280	7,381
Manitoba	2,437	1,960	6,263	4,279
Ontario*	2,122	-	4,901	-
Quebec	2,886	3,799	6,969	11,457
Atlantic**	-	-	-	-
<b>Total</b>	<b>16,497</b>	<b>24,528</b>	<b>37,438</b>	<b>54,499</b>

**Note:** These figures do not account for all NCB reinvestments.

\* INAC figures for Ontario for 1999–2000 were not available.

\*\* Information on reinvestments in Atlantic Canada is not complete for these years.

## Evaluation and Reporting for First Nations

First Nations must report annually on how their NCB funds are used and how many children and families benefit from the initiative. Because the NCB for First Nations is administered separately from the federal/provincial/territorial program, a separate evaluation framework has been developed.

Ongoing monitoring and periodic evaluation of the NCB provides First Nations with information they can use to assess the impact of the program on their communities. Monitoring, evaluation and reporting also meet the NCB's public accountability requirements.

First Nations are included in the NCB review process. INAC and First Nations have established a working relationship on NCB evaluation. First Nations participation includes: a working relationship with the Assembly of First Nations; participation on the First Nations National Child Benefit Evaluation Working Group; piloted First Nations self-evaluation workshops and reports on reinvestment projects; feedback to First Nations on the use of their NCB reinvestment program data in a First Nations NCB Progress Report; and First Nations interviews and dialogue circles that will feed into interim and summative evaluations of the NCB.

The purpose for including self-evaluation is twofold. First, it is aimed at developing capacity among First Nations to monitor their programs—NCB and others. Second, it enables individual First Nations to share their progress, strategies and success with NCB programs with other First Nations through an annual First Nations NCB Progress Report. In March 2000, self-evaluation workshops were piloted with 18 self-identified First Nations communities,

including several in each region except the Atlantic. These communities then submitted NCB program self-evaluation reports to INAC to be included in the initial First Nations NCB Progress Report.

In future years, it is anticipated that the self-evaluations will be a “rolling” process, whereby First Nations from each region will be selected at different intervals to participate in a self-evaluation workshop. The resulting reports to INAC will contribute to the annual First Nations Progress Report, to be released in the fall of each year. The first edition of this report will be released in spring 2001. It was written specifically for First Nations, based on their quantitative data and qualitative information reflecting First Nations' experiences with the NCB reinvestment component.

## Summary

The National Child Benefit reinvestment component provides a sense of community ownership because it provides flexibility and variability for First Nations to design and develop innovative community-based programs for their children and to strengthen their communities for future generations.

As part of the broader federal/provincial/territorial process, First Nations contribute the lessons they have learned and provide information on the impact the NCB has had on their communities through a separate but coordinated evaluation process. Future reports will document the progress made in assessing the long-term impact of the NCB on the lives of First Nations children and their families.

# 6. Monitoring Progress

Program monitoring, evaluation and reporting are essential to ensuring government accountability for the funds invested in the NCB and to determining whether the initiative's goals are being achieved. There is a growing movement toward results-based management of programs in government today. Likewise, the progress of the NCB initiative is being monitored through performance management and periodic evaluations.

Performance management involves the ongoing tracking of changes in a range of statistical measures that show how the initiative is working. These measures are called "outcome indicators." The information gathered by monitoring them over time can contribute to better decision-making, accountability and enhanced service delivery.

Periodic evaluations complement performance management. They are regular assessments of the extent to which the initiative is meeting its objectives. Periodic evaluations involve gathering information on the initiative, its results and its cost-effectiveness. Evaluations increase governments' ability to assess the initiative, improve it and make informed decisions about future directions.

Federal, provincial and territorial governments are committed to evaluating and reporting on NCB initiatives. This process is essential to informing Canadians about progress toward NCB goals and to making the initiative more effective as economic and social conditions change. Joint federal, provincial and territorial mechanisms have been developed to help support the NCB accountability framework.

This chapter describes government activities to monitor and evaluate the NCB. Table 13 describes the set of general and direct outcome indicators developed to annually track the degree to which each of the NCB's three goals is being achieved.

Because the initiative is young and less than one year's data are available for analysis, this report focuses on general outcome indicators only. Governments are still developing reliable direct outcome indicators. They will be presented in future progress reports.

## Types of Outcome Indicators

There are two types of indicators: those that show how much a situation has changed and those that show how much the NCB is responsible for that change.

**General Outcome Indicators** show the level of certain conditions that the NCB is trying to affect, such as the rate of child poverty and labour market attachment. They refer to the final impact or broad consequences for the targeted group.

**Direct Outcome Indicators** show the degree to which NCB initiatives are responsible for the changes measured using general outcome indicators.



**Table 13: Outcome Indicators for the NCB**

Goals	General Outcome Indicators	Direct Outcome Indicators
Help prevent and reduce the depth of child poverty.	<p>Depth of low income</p> <ul style="list-style-type: none"> <li>• Dollar and percentage gap between the average income of poor families and the low-income line (as measured by the LICOs, LIM and, in future, MBM).</li> </ul>	<p>Depth of child poverty</p> <ul style="list-style-type: none"> <li>• The change within each year in the gap between average income of low-income families and the low-income line, due to NCB benefits.</li> </ul>
	<p>Incidence of low income</p> <ul style="list-style-type: none"> <li>• Number and percentage of families and children living on low income (as defined by the LICOs, LIM and MBM).</li> <li>• Number and percentage of families/children on social assistance.</li> </ul>	<p>Incidence of child poverty</p> <ul style="list-style-type: none"> <li>• The change within each year in the number and percentage of families and children that fall below the low-income line, with and without NCB benefits.</li> </ul>
	<p>Duration of low income</p> <ul style="list-style-type: none"> <li>• Number and percentage of families and children who have been on low income during all four previous years.</li> </ul>	Not applicable
Promote attachment to the labour market by ensuring that families will always be better off as a result of working.	<p>Labour market participation</p> <ul style="list-style-type: none"> <li>• Number and percentage of earners in families below the low-income line and the NCB supplement disappearing point (i.e., the income at which a family no longer receives any supplement).</li> <li>• Average earned income as a percentage of the low-income line and the NCB supplement disappearing point.</li> <li>• The number of earners below the low-income line times the average income.</li> </ul>	Not applicable
Reduce overlap and duplication by harmonizing program objectives and benefits and simplifying administration.	<p><i>Level 1</i> – use of federal income tax platform.</p> <p><i>Level 2</i> – participation rates in NCB programs, examples of expanded information-sharing agreements.</p> <p><i>Level 3</i> – case studies, surveys of managers.</p>	Not applicable



## General Outcome Indicators: How Low-Income Canadian Families Are Doing

To understand the effects of the National Child Benefit, it is important to consider the complex environment in which low-income families live. This is the environment that the NCB grew out of and is trying to improve. This section shows how key economic and social trends in areas related to the NCB's goals are measured, including measures of low income and attachment to the labour market. These general outcome indicators show how the situation of low-income families with children has changed in recent years.

The first NCB progress report, published in 1999, examined the trends between 1984 and 1997 that led governments to implement the NCB initiative. These trends included increasing numbers of low-income families and stagnant employment and incomes for low-income families. This report provides low-income data for previous years and newly available data for 1998 covering the first six months of the NCB initiative.

As with the previous NCB progress report, this report uses both pre-tax Low-Income Cut-Offs (LICOs) and the post-tax Low-Income Measure (LIM) to define the situation of low-income Canadian families with children under the age of 18. These measures allow the report to examine trends relating to the low-income population, including family type, incidence and depth of low income, and sources of

income. The two measures show different numbers of families living on low income, but the trends they illustrate are very similar.

Canadian governments are using income support through the NCB to help improve the situation of low-income families with children. The measures of low income discussed in this report indicate how Canadian families are faring in terms of income, but they do not reflect the impact of the many other investments in benefits and services that are also key to improving the well-being of children.

As noted in "A Policy Blueprint for Canada's Children,"<sup>7</sup> income is one of three important "enabling conditions" to ensure positive child outcomes. The other two are positive parenting and supportive communities. They are being addressed by many of the provincial and territorial initiatives funded through the NCB. These initiatives don't directly affect income trends, but they are an important part of governments' strategies to support Canadian families.

**Key trends** for low-income families with children include the following:

- By 1998, there were declining numbers of low-income families with children. Since reaching a high point of 20.5 per cent in 1996, the proportion of low-income families has steadily declined. But, at 18.0 per cent in 1998, it is still above the best result of 14.6 per cent achieved in 1989.
- Low income is a temporary situation for most families. Between 1995 and 1998, only 1 in 10 children lived in a low-income family for all four years.

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<sup>7</sup> J. Jensen. "A Policy Blueprint for Canada's Children," Canadian Policy Research Networks, October, 1999.

- The number of children living in families in receipt of social assistance declined steadily from 1994 to 1998.
- More low-income families were earning income from employment than in previous years, rising from 56.2 per cent in 1994 to 68.2 per cent in 1998.

## Measuring Low Income

Several different measures of low income are used in Canada and in recent years, there has been considerable debate about how best to measure low income. Some people believe low income means lacking enough income to buy the basic necessities of life, such as food, shelter and clothing. Others take the view that it means not having enough income to participate fully in their communities. Still others believe low income begins somewhere in between.

The two most widely used indicators in Canada are Statistics Canada's Low-Income Cut-Offs (LICOs) and the Low-Income Measure (LIM). Both are relative measures that establish a dollar figure below which a family is considered to be living on low income. They can be reported on pre- or post-tax income. As well, there is the Market Basket Measure (MBM), which will be used beginning in 2002.

LICOs indicate the income levels below which families must spend significantly more of their income on basic needs (food, shelter and clothing) than the average family. The size of the family and community are taken into account, but geographic differences in the cost of living are not. In January 2000, Statistics Canada changed its primary LICOs measure to one based on income levels after taxes. However, this report continues to use pre-tax numbers because the new measure is not yet in wide use.

The LIM was developed as an alternative to the LICOs. It considers a family to be living on low income if its income, adjusted for family size (number of adults and children), is less than half the median income (the income level at which the incomes of half of all families are higher and half are lower).

The post-tax-and-transfer LIM is similar to measures used in international comparisons, but it does not reflect geographic differences in living costs across Canada.

## A Declining Percentage of Low-Income Families

The number of families living on low income is strongly influenced by economic conditions and changes in population, such as the number of single-parent families. During the period of economic growth between 1984 and 1989, the number of low-income families with children as a proportion of all Canadian families with children decreased (see Figure 7). This proportion is referred to as the “incidence of low income” and is expressed as a percentage of all families with children. Both the LICOs and LIM demonstrate this trend.

The recession of the early 1990s contributed to a rise in the incidence of low-income families with children. Even after the economic recovery had begun in 1993, there was little progress in reducing the incidence of low income. Since 1996, however, there has been a steady and significant decline in the proportion of low-income families. While the incidence is still above the all-time low of 1989, it now appears that low income is on a steady downward track, consistent with past experience during times of strong economic growth. Using the LICOs measure, the incidence of low income dropped from 20.5 per cent in 1996 to 18.0 per cent in 1998. This reduction translates into more than 108,000 families moving above the LICOs between 1996 and 1998.

## The Market Basket Measure

The Market Basket Measure (MBM) is a new measure developed by the federal, provincial and territorial governments.

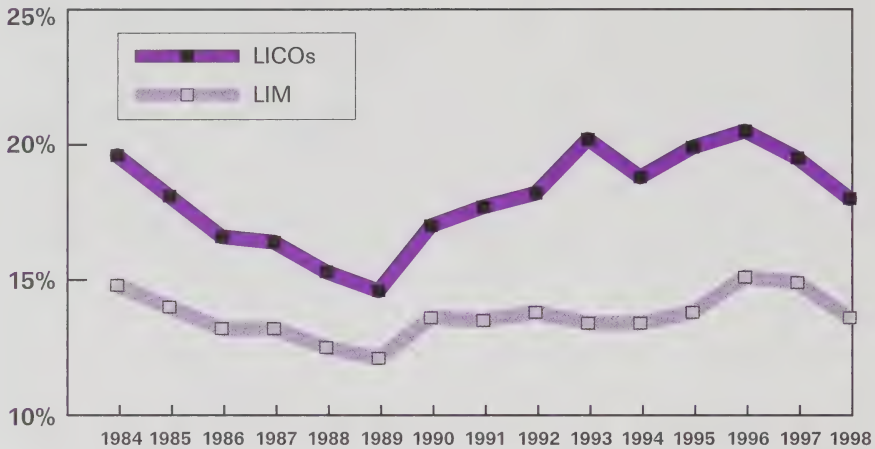
The MBM identifies income levels required for a basic, adequate standard of living that is above the subsistence level. These income levels are based on the actual cost of goods and services in various communities across Canada. The measure identifies how many people live in households that fall below a defined standard of living.

The LIM and the LICOs are based on median incomes adjusted for household size and composition and for average consumption patterns, respectively. The MBM is based on the actual cost of food, clothing, shelter, transportation and other necessary goods and services, such as household supplies and telephone service, that are widely viewed as unacceptable for any household to be without. Households are considered to be living on a low income if they do not have enough income to pay for this basket of goods and services after accounting for income and payroll taxes and out-of-pocket spending. This out-of-pocket spending includes such items as child care necessary to earn income, medically prescribed health expenses and aids for persons with disabilities.

Compared with existing measures, the MBM is a more precise reflection of differing living costs by geographic location.

The data needed to develop income thresholds for 2000 are being collected. Beginning with the 2002 NCB progress report, the Market Basket Measure should prove a valuable complement to existing measures in tracking low income.

**Figure 7: Percentage of Low-Income Families with Children  
LICOs and LIM, 1984–1998**



### Depth of Low Income Remains Steady

The depth of low income is the difference between the average income of all low-income families and the low-income line.

The low-income gap can be illustrated using the example of a two-parent low-income family with two children, as set

out in Table 14. The average low-income gap for such a family in 1998 is shown by the difference between their average income and the LICOs and LIM. Using the LICOs, the gap was about \$11,000. Using the after-tax LIM, it was about \$6,200. This represents the amount of additional income the average low-income family of this size would need to move out of a low-income situation.

**Table 14: Depth of Poverty for a Two-Parent, Two-Child Family Living in a City of More than 500,000 People in 1998**

	1998 Threshold (\$)	Average income for this type of low-income family (\$)	Difference between average income and threshold (\$)	Percentage below threshold (%)
Pre-tax LICOs	33,063	21,987	11,076	33.5
Post-tax LIM	22,814	16,608	6,206	27.0



Complex factors make it difficult to interpret changes in the depth of low income. For example, if families who are closer to the low-income line increase their incomes enough to no longer be considered low income, the average depth of low income for those who remain below the low-income line actually increases. This result gives the impression that the situation has worsened for all, when it has really improved for many.

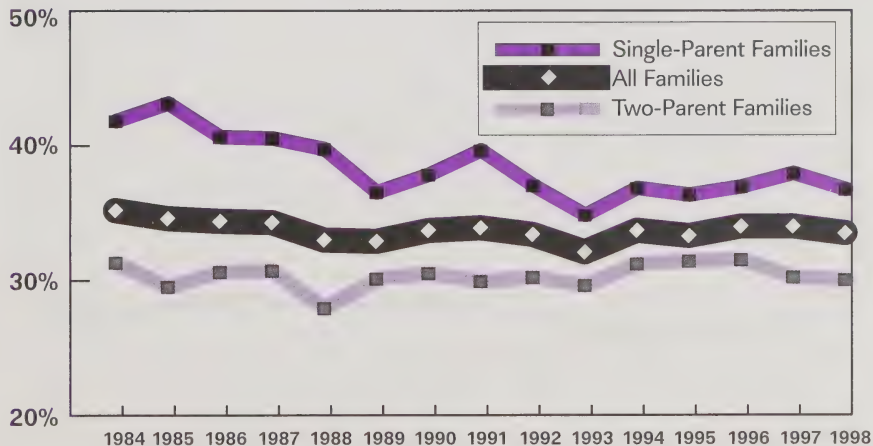
Despite its limitations, the depth of low income is an important indicator of how low-income families are doing. It tells us how far families are from being out of low income. More analysis is needed to understand how the depth of low income changes over time.

## Low Income is Temporary for Most

Most analyses of low income examine families on a year-to-year basis. However, this approach overlooks the fact that many families move in and out of low income over time. Low income is not a permanent situation for most families with children. For example, about a quarter of all children (24.5 per cent) lived in a family below the LICOs for at least one of the four years between 1995 and 1998. However, considerably less than half of these children (10.1 per cent) lived in a low-income situation for all four years.

Low income is not a long-term experience for most families, which points to the value of initiatives such as the NCB that help families stay out of low-income circumstances.

**Figure 8: Income of Low-Income Families with Children, Percentage Below LICOs, 1984–1998**





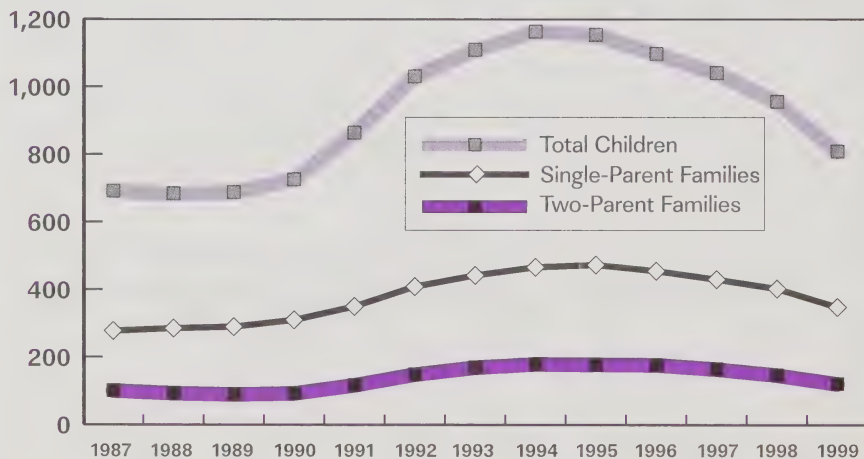
## Fewer Canadian Children are on Welfare

Corresponding to the trend toward fewer low-income families with children, the number of children in families relying on social assistance decreased by 30 per cent (354,300 children) between 1994 and 1999. Figure 9 illustrates that the decline in the number of children was particularly significant between 1997 and 1999, with 231,900 children in families leaving welfare over those two years.

Figure 9 shows the total number of children depending on social assistance and the number of families on social assistance, broken down by single- and two-parent types. The reduction in the number of two-parent families on social assistance was slightly higher than for single parents between 1994 and 1999 (32 per cent compared with 26 per cent).

This reduction in welfare caseloads—not seen since before the last recession—is due not only to economic growth, but also to welfare reforms, including the restructuring of social assistance systems in several jurisdictions.

Figure 9: Social Assistance Data in March of Each Period, 1987–1999  
(in thousands)

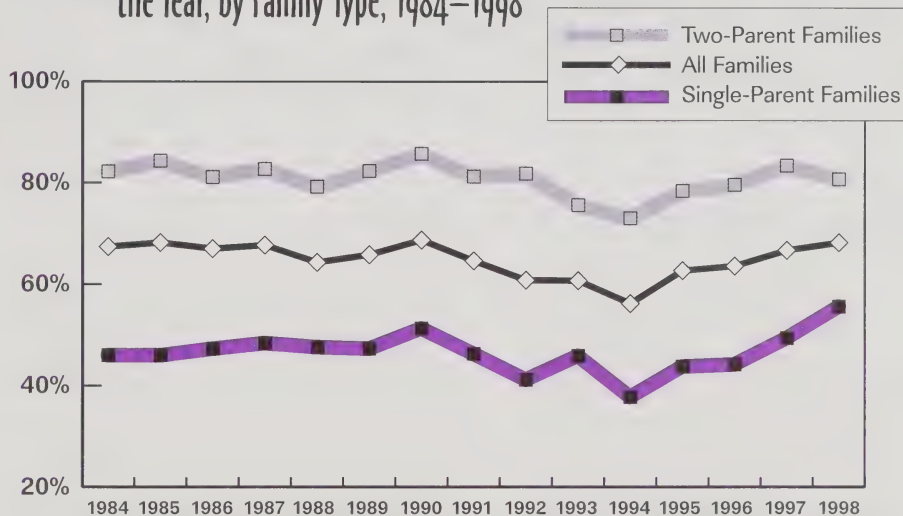


## Canadian Families Leaving Welfare for Work

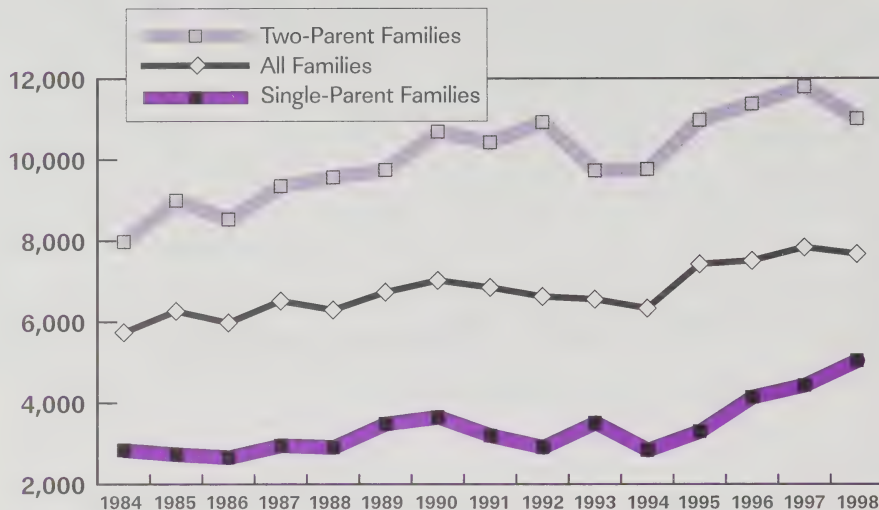
Many low-income families are moving off social assistance and into jobs. As Figure 10 illustrates, the total percentage of low-income families in which the parents were in paid employment continued to grow with the economic recovery of the mid-1990s.

Recent improvements in economic growth contributed to increasing average market incomes for low-income families. Figure 11 shows the trend in the average market income of low-income families over the 1980s and 1990s.

**Figure 10: Pre-tax LICOs—Percentage of Low-Income Families Employed for Pay During the Year, by Family Type, 1984–1998**



**Figure 11: Pre-tax LICO—Low-Income Families' Average Market Income by Family Type, 1984–1998 (in dollars)**



## Moving Toward Direct Outcome Indicators

It is not yet clear exactly how the NCB is affecting all the trends in the general outcome indicators reported above. The database of information being compiled through the NCB reporting process will help to clarify this relationship. The information has particular value since the NCB is a phased and multi-year initiative that should be assessed over the entire period. In anticipation of such an assessment, direct outcome indicators are being developed to show the degree to which the NCB initiatives are responsible for these changing trends (see Table 13 on page 34).

## Evaluation

Monitoring changes in outcome indicators does not provide enough information to determine how successful the NCB has been in achieving its goals. While general outcome indicators tell us whether we are moving in the right direction and at what speed, they do not tell us whether and to what extent the NCB is responsible for changes in trends.

Even direct outcome indicators tell only part of the story. They do not describe how the NCB interacts with other economic forces. They do not reflect how NCB-recipient families respond to the higher levels of disposable income they receive through the cash transfers, or to the reduced level of the welfare wall. These indicators do not show how well NCB initiatives have been implemented or how effective reinvestments are in

achieving their objectives. Governments are committed to a formal evaluation of the NCB in order to explore these issues.

In June 1999, the federal, provincial and territorial governments agreed to pursue a coordinated approach to evaluating the NCB. In March 2000, they completed an assessment of how to evaluate the NCB. Experts on child poverty and labour market issues helped to develop and refine the means by which the NCB can be evaluated.

The result is a four-year strategy to evaluate the NCB initiative. Plans and funding have been approved for the first two years of the evaluation.

The evaluation will include an assessment of federal child benefits as well as provincial and territorial initiatives. The evaluation will:

- review how the NCB was implemented;
- assess the degree to which the NCB's goals are being achieved; and
- assess, where possible, the contribution each component of the NCB initiative has made to achieving the three goals.

Both quantitative and qualitative evidence will be used in the evaluation, which will include an analysis of the work already completed to identify indicators. The evaluation will also involve a survey of 5,000 NCB clients from across Canada. Focus group sessions will be conducted. The aim is to obtain greater insight into how reinvestment initiatives affect the lives of low-income families.

A net impact analysis of the NCB will be performed to isolate the results caused by particular programs. Econometric

modeling will be used to estimate the potential effects of NCB initiatives, related provincial and territorial programs, and general socio-economic trends on pre- and post-NCB changes in areas such as labour supply, low-income status and social assistance dependence. Analysis of sub-groups, such as low-income families on social assistance and the working poor, will also be performed.

The NCB operates in a complex socio-economic environment with numerous factors influencing labour supply, low-income status and social assistance dependence. It will be a challenge to isolate the effects caused directly by the NCB. Nonetheless, federal, provincial and territorial governments believe that this type of analysis is critical to a comprehensive evaluation strategy.

The evaluation will also assess the third goal of the NCB—to harmonize federal/provincial/territorial programs and simplify their administration. Indeed, the growing number of NCB interventions and the array of government programs already directed at low-income households suggest that harmonization is an important issue in evaluating the NCB.

The goal of harmonization will be measured in several ways. First, the use of the tax system to deliver benefits will be compared with delivering benefits through a variety of provincial programs. A second harmonization study will involve an examination of specific NCB programs and whether they have achieved better outcomes and greater policy and/or service delivery integration within the community.

This four-year comprehensive evaluation should contribute to a broader understanding of the results being generated by

the NCB and how these results can be used to improve NCB initiatives. Preliminary results of the evaluation are expected by the fall of 2001.

## Summary

A review of recent statistical trends shows there are fewer low-income families in Canada. Low-income remains a

temporary situation for most families touched by it. Moreover, there has been less reliance on welfare and more on employment. Most of these encouraging trends coincide with Canada's improving economic conditions during the late 1990s and the introduction and expansion of the NCB.

A more thorough report on the NCB's progress will be possible as data become available on direct outcome indicators and as program evaluation activities move forward.



# 7. The Way Ahead

Low-income families with children are beginning to share in the gains of Canada's strong economic growth. However, federal, provincial and territorial Ministers Responsible for Social Services realize that fighting child poverty will take a sustained effort in the years to come.

In its first two years, the NCB has put in place the key components of a reformed child benefit system. A stronger national platform of child benefits is being built, along with additional benefits and services provided at the provincial and territorial levels. The 2000 federal Budget took steps both to enhance this platform through a third significant investment and to ensure its sustainability by restoring full indexation to the personal income tax system.

The benefits and services that provinces, territories and First Nations are providing under the NCB initiative are equally important components of this reformed system. These investments have been expanded since the establishment of the NCB and have benefited from jurisdictions sharing knowledge and experiences. This is one of the great benefits of the NCB.

In July 2000, on the second anniversary of the NCB, the Minister of Human Resources Development Canada and the Nova Scotia Minister of Community Services issued a policy statement on behalf of federal, provincial and territorial Ministers Responsible for Social Services. This statement, entitled *National Child Benefit Future Directions*, emphasized the ministers' ongoing commitment to the NCB initiative and identified what they regarded as the key features of the NCB for the future:

- a multi-faceted approach to addressing child poverty and labour market attachment by supporting a variety of programs, such as integrated child benefits, earnings supplements, extended health benefits, child nutrition initiatives and child day care;
- a partnership between Canadian governments that is characterized by shared decision-making and policy development that puts the needs of children first; and
- a learning model of accountability based on regular reporting on performance and promoting program effectiveness, information sharing and learning.

Governments have agreed to further assess child poverty trends, the degree to which the NCB is achieving its objectives and further government investments that may be necessary to achieve full implementation. As part of their ongoing commitment to openness and accountability, ministers will continue to provide updates on the NCB initiative and publish annual progress reports.

The NCB is still a young initiative, and the full extent of its benefits will be fully realized over time. As the evaluation process continues and is refined, a better sense of the NCB's impact will emerge, and more information will be available on its success in achieving its objectives and its effect on the lives of Canadian children.

## Invitation to Dialogue

Canada's federal, provincial and territorial governments want to hear from Canadians about the National Child Benefit initiative, how it is working and how it can be improved. An Internet site located at <http://socialunion.gc.ca> provides information on the National Child Benefit as well as an opportunity for visitors to submit questions and comments. Comments can also be sent by mail to:

National Child Benefit  
Box 307  
Ottawa ON  
K1A 0J9

# Appendix 1—Federal Statistics

## Introduction

The information contained in this appendix was obtained from the Canada Customs and Revenue Agency, formerly Revenue Canada, based on its tabulations of the former Child Tax Benefit (CTB) and Working Income Supplement (WIS), and the current Canada Child Tax Benefit (CCTB), including the National Child Benefit supplement. Tabulations are based on a program year that runs from July to June.

The CTB was introduced in 1993 as an income-tested benefit to replace Family Allowances and the refundable and non-refundable child tax credits.

The WIS was also introduced in 1993 to provide greater income support and to improve work incentives to low-income working families. The WIS paid up to \$500 to each family with earned income of at least \$3,750 and net income below \$25,921. Changes to the CTB/WIS as a result of the NCB were made in two phases:

- enhancement and restructuring of the WIS in 1997–98; and
- replacement of the CTB/WIS with the CCTB in 1998.

Tables 1a to 1c show the value of the CTB and WIS for the benefit years 1995–96 to 1997–98. As of July 1998, these programs were replaced by the CCTB, which is composed of the basic benefit and the NCB supplement. Tables 1d and 1e show the value of the CCTB for the benefit years 1998–1999 to 1999–2000.

Federal NCB expenditures include:

- the **NCB supplement**—paid to all eligible low-income families on top of the CCTB basic benefit for each child;
- the **Children’s Special Allowance**—the value of the CCTB basic benefit and the NCB supplement (maximum eligible payment) that goes to support children in the care of foster parents, government departments or agencies;

**Table 1: Total Federal NCB Expenditures by Program Year**  
(in millions \$ estimated)

	1998–99	1999–2000	2000–2001
NCB supplement	1,073.2	1,458.2	1,883.0
Children’s Special Allowance	29.0	39.0	50.0
Transitional assistance	16.8	n/a	n/a
Citizenship and Immigration Canada	1.5	0.9	0.9
Indian and Northern Affairs Canada	8.2	8.2	6.2
<b>Total expenditure</b>	<b>1,128.7</b>	<b>1,506.3</b>	<b>1,940.1</b>

Note: INAC figures were adjusted from a fiscal year to a program year.

- **transitional assistance**—resulting from a one-year agreement under which the federal government contributed up to half the funds needed to ensure no Canadian family experienced a reduction in its total income as a result of the switch from the former WIS to the NCB supplement. These bilateral agreements ended in July 1999;
- the **Indian and Northern Affairs Canada NCB-related expenditure for First Nations**—additional expenditures for NCB-related income benefits paid to First Nations families on-reserve; and
- spending by Citizenship and Immigration Canada under the **Resettlement Assistance Program** for government-assisted refugees.

**Table 1a: Child Tax Benefit Recipients and Benefits Paid, by Family Type, Family Net Income Range and CTB/WIS 1995–96 Benefit Year (July 1995 to June 1996)**

Family net income	Children with CTB*	Families with CTB*	Total \$ CTB* paid	Children with WIS	Families with WIS	Total \$ WIS paid
<b>Single-Parent Families</b>						
\$15,000 or less	789,312	505,357	870,365,141	208,931	141,978	42,868,610
\$15,001 to \$25,921	473,354	270,499	547,228,944	287,217	188,252	62,776,103
More than \$25,921	318,921	209,529	234,476,767	n/a	n/a	n/a
<b>Total</b>	<b>1,581,587</b>	<b>985,385</b>	<b>1,652,070,852</b>	<b>496,148</b>	<b>330,230</b>	<b>105,644,713</b>
<b>Two-Parent Families</b>						
\$15,000 or less	486,652	241,183	575,917,418	260,387	129,002	48,655,246
\$15,001 to \$25,921	716,029	360,774	876,170,471	588,011	303,579	100,555,424
More than \$25,921	3,253,380	1,664,604	2,000,804,198	16,902	9,285	1,803,909
<b>Total</b>	<b>4,456,061</b>	<b>2,266,561</b>	<b>3,452,892,087</b>	<b>865,300</b>	<b>441,866</b>	<b>151,014,579</b>
<b>All Families</b>						
\$15,000 or less	1,275,964	746,540	1,446,282,559	469,318	270,980	91,523,856
\$15,001 to \$25,921	1,189,383	631,273	1,423,399,415	875,228	491,831	163,331,527
More than \$25,921	3,572,301	1,874,133	2,235,280,965	16,902	9,285	1,803,909
<b>Total</b>	<b>6,037,648</b>	<b>3,251,946</b>	<b>5,104,962,939</b>	<b>1,361,448</b>	<b>772,096</b>	<b>256,659,292</b>

\* Includes the Working Income Supplement (WIS).

Note: In general, CTB payments are based on a recipient's current marital status and family net income as reported on the previous year's income tax return.

Source: Canada Customs and Revenue Agency (formerly Revenue Canada) CTB data.

**Table 1b: Child Tax Benefit Recipients and Benefits Paid,  
by Family Type, Family Net Income Range and CTB/WIS  
1996–97 Benefit Year (July 1996 to June 1997)**

Family net income	Children with CTB*	Families with CTB*	Total \$ CTB* paid	Children with WIS	Families with WIS	Total \$ WIS paid
<b>Single-Parent Families</b>						
\$15,000 or less	811,898	520,447	869,781,333	225,110	152,634	43,907,571
\$15,001 to \$25,921	471,734	267,954	538,911,631	294,077	191,700	62,131,401
More than \$25,921	366,559	236,054	276,385,241	24,036	13,747	3,709,440
<b>Total</b>	<b>1,650,191</b>	<b>1,024,455</b>	<b>1,685,078,205</b>	<b>543,223</b>	<b>358,081</b>	<b>109,748,412</b>
<b>Two-Parent Families</b>						
\$15,000 or less	557,931	283,677	618,098,984	296,146	150,871	52,687,386
\$15,001 to \$25,921	697,549	351,810	835,456,239	584,411	302,044	97,281,796
More than \$25,921	3,233,735	1,659,457	1,938,896,838	25,055	12,729	2,823,674
<b>Total</b>	<b>4,489,215</b>	<b>2,294,944</b>	<b>3,392,452,062</b>	<b>905,612</b>	<b>465,644</b>	<b>152,792,856</b>
<b>All Families</b>						
\$15,000 or less	1,369,829	804,124	1,487,880,317	521,256	303,505	96,594,957
\$15,001 to \$25,921	1,169,283	619,764	1,374,367,870	878,488	493,744	159,413,197
More than \$25,921	3,600,294	1,895,511	2,215,282,080	49,091	26,476	6,533,114
<b>Total</b>	<b>6,139,406</b>	<b>3,319,399</b>	<b>5,077,530,267</b>	<b>1,448,835</b>	<b>823,725</b>	<b>262,541,268</b>

\* Includes the Working Income Supplement (WIS).

Note: In general, CTB payments are based on a recipient's current marital status and family net income as reported on the previous year's income tax return.

Source: Canada Customs and Revenue Agency (formerly Revenue Canada) CTB data.



**Table 1c: Child Tax Benefit Recipients and Benefits Paid,  
by Family Type, Family Net Income Range and CTB/WIS  
1997–98 Benefit Year (July 1997 to June 1998)**

Family net income	Children with CTB*	Families with CTB*	Total \$ CTB* paid	Children with WIS	Families with WIS	Total \$ WIS paid
<b>Single-Parent Families</b>						
\$15,000 or less	867,804	542,193	984,372,124	226,208	152,611	73,914,341
\$15,001 to \$25,921	390,354	228,112	499,420,959	291,108	188,489	104,333,827
More than \$25,921	361,719	234,030	279,378,711	22,083	11,948	6,542,915
Total	1,619,877	1,004,335	1,763,171,794	539,399	353,048	184,791,084
<b>Two-Parent Families</b>						
\$15,000 or less	557,756	281,369	698,712,301	287,850	145,847	106,732,450
\$15,001 to \$25,921	672,678	339,572	920,471,319	578,709	298,773	194,151,189
More than \$25,921	3,119,763	1,603,845	1,881,911,895	15,529	3,145	932,403
Total	4,350,197	2,224,786	3,501,095,516	882,088	447,765	301,816,042
<b>All Families</b>						
\$15,000 or less	1,425,560	823,562	1,683,084,425	514,058	298,458	180,646,791
\$15,001 to \$25,921	1,063,032	567,684	1,419,892,278	869,817	487,262	298,485,016
More than \$25,921	3,481,482	1,837,875	2,161,290,607	37,612	15,093	7,475,318
Total	5,970,074	3,229,121	5,264,267,309	1,421,487	800,813	486,607,126

\* Includes the Working Income Supplement (WIS).

Note: In general, CTB payments are based on a recipient's current marital status and family net income as reported on the previous year's income tax return.

Source: Canada Customs and Revenue Agency (formerly Revenue Canada) CTB data.

**Table 1d: Canada Child Tax Benefit Recipients and Benefits Paid,  
by Family Type, Family Net Income Range and CCTB/NCBS  
1998–99 Benefit Year (July 1998 to June 1999)**

Family net income	Children with CCTB*	Families with CCTB*	Total \$ CCTB* paid	Children with NCBS	Families with NCBS	Total \$ NCBS paid
<b>Single-Parent Families</b>						
\$15,000 or less	920,726	566,238	1,429,147,824	919,723	565,712	447,225,714
\$15,001 to \$25,921	399,872	237,192	571,854,988	397,764	235,807	160,183,990
More than \$25,921	337,230	222,515	253,451,306	1,776	379	95,472
Total	1,657,828	1,025,945	2,254,454,118	1,319,263	801,898	607,505,176
<b>Two-Parent Families</b>						
\$15,000 or less	506,971	253,860	789,146,690	506,650	253,648	235,641,190
\$15,001 to \$25,921	635,829	321,997	918,753,211	631,057	319,336	229,033,082
More than \$25,921	3,099,972	1,598,426	1,835,979,987	17,222	3,411	1,060,764
Total	4,242,772	2,174,283	3,543,879,888	1,154,929	576,395	465,735,036
<b>All Families</b>						
\$15,000 or less	1,427,697	820,098	2,218,294,514	1,426,373	819,360	682,866,904
\$15,001 to \$25,921	1,035,701	559,189	1,490,608,198	1,028,821	555,143	389,217,073
More than \$25,921	3,437,202	1,820,941	2,089,431,293	18,998	3,790	1,156,235
Total	5,900,600	3,200,228	5,798,334,005	2,474,192	1,378,293	1,073,240,212

\* Includes the National Child Benefit supplement (NCBS).

Note: In general, CCTB payments are based on a recipient's current marital status and family net income as reported on the previous year's income tax return.

Source: Canada Customs and Revenue Agency (formerly Revenue Canada) CCTB data.

**Table 1e: Canada Child Tax Benefit Recipients and Benefits Paid,  
by Family Type, Family Net Income Range and CCTB/NCBS  
1999–2000 Benefit Year (July 1999 to June 2000)**

Family net income	Children with CCTB*	Families with CCTB*	Total \$ CCTB* paid	Children with NCBS	Families with NCBS	Total \$ NCBS paid
<b>Single-Parent Families</b>						
\$15,000 or less	923,999	560,258	1,585,769,911	923,021	559,730	600,601,137
\$15,001 to \$25,921	396,545	240,783	631,096,121	396,154	240,560	225,446,705
More than \$25,921	353,639	234,403	268,018,830	43,672	27,569	4,001,522
Total	1,674,183	1,035,444	2,484,884,862	1,362,847	827,859	830,049,364
<b>Two-Parent Families</b>						
\$15,000 or less	475,578	235,701	819,952,744	475,578	235,701	300,823,508
\$15,001 to \$25,921	591,759	299,612	954,399,221	591,759	299,612	314,873,343
More than \$25,921	2,993,553	1,546,989	1,756,500,392	125,178	57,330	12,455,815
Total	4,060,890	2,082,302	3,530,852,357	1,192,515	592,643	628,152,666
<b>All Families</b>						
\$15,000 or less	1,399,577	795,959	2,405,722,655	1,398,599	795,431	901,424,645
\$15,001 to \$25,921	988,304	540,395	1,585,495,342	987,913	540,172	540,320,048
More than \$25,921	3,347,192	1,781,392	2,024,519,223	168,850	84,899	16,457,337
Total	5,735,073	3,117,746	6,015,737,219	2,555,362	1,420,502	1,458,202,030

\* Includes the National Child Benefit supplement (NCBS).

Note: In general, CCTB payments are based on the recipient's marital status as reported on the prior year's tax return. The family net income is also based on prior year information.

Source: Canada Customs and Revenue Agency (formerly Revenue Canada) CCTB data.

**Table 2: Canada Child Tax Benefit — Basic Benefit and National Child Benefit Supplement Payments for Canada, by Family Type  
July 1998 to June 2000**

<b>Basic Benefit</b>			
	Single-Parent Families	Two-Parent Families	All Families
July 1998 – June 1999	\$1,646,948,940	\$3,078,144,852	\$4,725,093,792
July 1999 – June 2000	\$1,654,835,499	\$2,902,699,692	\$4,557,535,191
<b>NCBS</b>			
	Single-Parent Families	Two-Parent Families	All Families
July 1998 – June 1999	\$607,505,176	\$465,735,036	\$1,073,240,212
July 1999 – June 2000	\$830,049,364	\$628,152,665	\$1,458,202,029
<b>CCTB (Basic Benefit and NCBS)</b>			
	Single-Parent Families	Two-Parent Families	All Families
July 1998 – June 1999	\$2,254,454,116	\$3,543,879,888	\$5,798,334,004
July 1999 – June 2000	\$2,484,884,863	\$3,530,852,357	\$6,015,737,220

Source: Canada Customs and Revenue Agency (formerly Revenue Canada) CCTB data.

**Table 3: Canada Child Tax Benefit Payments for Families Receiving the NCB Supplement, by Province/Territory  
Benefit Years 1998–99 and 1999–2000 (July to June)**

Jurisdiction	1998–1999				1999–2000			
	Basic benefit	NCB supplement (NCBS)	Total base and NCBS	Children receiving the NCBS	Basic benefit	NCB supplement (NCBS)	Total base and NCBS	Children receiving the NCBS
	(millions \$)				(millions \$)			
Newfoundland and Labrador	57	24	81	54,348	56	31	87	53,871
Prince Edward Island	12	5	17	11,810	13	7	20	12,543
Nova Scotia	89	38	127	84,522	90	50	140	85,523
New Brunswick	72	31	103	68,618	73	41	114	70,074
Quebec	620	256	876	588,749	631	341	972	603,202
Ontario	927	371	1,298	849,597	957	504	1,462	879,363
Manitoba	127	50	177	119,960	131	69	200	124,294
Saskatchewan	125	49	174	118,847	129	69	199	124,531
Alberta	256	101	357	239,884	265	138	403	248,146
British Columbia	349	144	493	324,396	364	199	562	339,900
Yukon	3	1	4	2,692	3	2	5	2,749
Nunavut	-	-	-	-	5	2	8	4,620
Northwest Territories	10	4	14	9,177	5	3	8	4,895
<b>Total*</b>	<b>2,650</b>	<b>1,073</b>	<b>3,723</b>	<b>2,474,192</b>	<b>2,725</b>	<b>1,458</b>	<b>4,183</b>	<b>2,555,362</b>

\* Totals include Canadian beneficiaries living abroad.

Note: Rounding may cause discrepancies in totals.

Source: Canada Customs and Revenue Agency (formerly Revenue Canada) CCTB data.



# Appendix 2—Provincial, Territorial and First Nations NCB Initiatives

This appendix provides information on the various NCB initiatives that jurisdictions<sup>8</sup> have undertaken since the inception of the NCB in July 1998. Some initiatives are new programs or services, whereas others are enhancements to existing programs. This appendix includes descriptive information, actual expenditure data for 1998–99 (relating to the nine-month period from July 1998 to March 1999) and estimated expenditures for 1999–2000 and 2000–01.

NCB initiatives are funded from two sources: reinvestment funds and investment funds. Reinvestment funds result from provincial/territorial social assistance adjustments. Some jurisdictions have chosen to devote additional funds to NCB initiatives over and above the reinvestment amounts. These amounts are referred to as NCB investments. The data reported in this chapter represents the total of reinvestment and, where applicable, investment funds.

## Sources of reinvestment funds

- **Social Assistance/Child Benefit Adjustments**—Adjustments have been made in a number of ways:
  - the NCB supplement may be treated as income, thereby reducing the amount of social assistance payable to a family. This occurs in Prince Edward Island, Nova Scotia, Ontario, Manitoba, Yukon, the Northwest Territories and Nunavut;
  - social assistance rates may be reduced by the amount of the NCB supplement. This occurs in Alberta;
  - provinces that have removed children's benefits from social assistance and integrated their child benefit with the federal child benefit may reduce the provincial portion of the benefit by the full amount of the NCB supplement. This occurs in Saskatchewan and British Columbia; and
- Newfoundland and Labrador restructured its income support program and used the savings to finance the Newfoundland and Labrador Child Benefit as its provincial NCB reinvestment initiative.

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<sup>8</sup>. This appendix does not contain information for the Province of Quebec, which chose not to participate in the National Child Benefit initiative. Residents of Quebec, however, still receive the increased NCB supplement to the Canada Child Tax Benefit.

Several jurisdictions have chosen to pass on the full amount of NCB supplement increases to families receiving social assistance without adjusting social assistance benefits. In all jurisdictions, no family receiving social assistance has experienced a reduction in its overall level of income support as a result of introducing the NCB.

- **Children's Special Allowance adjustments**—The Children's Special Allowance is paid on behalf of children who are in the care of provincial/territorial child welfare authorities. It mirrors the maximum CCTB payments, including the NCB supplement. Jurisdictions have the option of passing on the increased amount to child welfare authorities for child maintenance costs or recovering the increase. Newfoundland and Labrador, Prince Edward Island, Nova Scotia, Manitoba, Saskatchewan and Alberta have chosen to recover the increased amount, and it is considered to be available for NCB initiatives.
- **Transitional assistance**—between July 1998 and June 1999, federal and provincial/territorial governments contributed equal amounts to ensure that no families who previously received the Working Income Supplement experienced a reduction in overall benefits as a result of the introduction of the NCB supplement.

## Newfoundland and Labrador

Since the 1998 introduction of the NCB supplement, Newfoundland and Labrador has initiated major new programs and enhanced existing programs to assist low-income families with children.

In 1998–99, Newfoundland did not adjust social assistance payments to families. Instead, the full amount of the federal NCB supplement was provided to all low-income families regardless of their sources of income. As a result, all of Newfoundland

and Labrador's NCB-related initiatives that were developed in the first year were funded entirely by the province as new investments. They include initiatives such as enhancements to child care services and investments in community-based services and supports for children, youth and families.

During 1999–2000, Newfoundland and Labrador undertook a major overhaul of its income support program and introduced the Newfoundland and Labrador Child Benefit. The province also continued its investment in the programs that had been created in 1998.

Newfoundland and Labrador's NCB Initiatives (\$000)			
	1998–99 Expenditures	1999–2000 Estimates	2000–01 Estimates
<b>Child Benefits &amp; Earned Income Supplements</b>			
Newfoundland and Labrador Child Benefit	-	6,400	8,500
<b>Child/Day Care</b>			
Unlicensed Child Care	262	600	600
Family Home Child Care Agencies	100	650	650
Child Care Subsidy Program	737	2,650	2,650
Funding to Centres	229	350	350
Child Care Program Supports	198	475	475
School-Based Infant Care	73	75	75
Early Childhood Education Certification	150	100	100
Child Care Service Consultants	31	300	300
<b>Supplementary Health Benefits</b>			
Extended Drug Card Program	90	1,000	1,000
<b>Early Childhood Services &amp; Children-at-Risk Services</b>			
Family Resource Centres	422	1,150	1,150
Post-Secondary Education and Training	270	472	650
Community Youth Networks	429	1,817	1,817
Residential/Mental Health	710	964	964
<b>Other</b>			
Administration	221	278	263
<b>Total</b>	<b>3,922</b>	<b>17,281</b>	<b>19,544</b>

Newfoundland and Labrador's initiatives include:

- **Child Benefits and Earned Income Supplements**—In 1999, Newfoundland and Labrador redesigned its income support program. Income support benefits to families were reduced, with the reduction being entirely offset by the 1999 increase in the NCB supplement plus new benefits these families began to receive through the Newfoundland and Labrador Child Benefit (NLCB). The NLCB was established by reinvesting savings from the income support program into a new benefit that is provided to about 24,000 families. It marks the first time Newfoundland and Labrador has been able to provide financial support to low-income families outside the social assistance system.
- **Child/Day Care**—Newfoundland and Labrador has strengthened and enhanced the range of child care services and supports it provides to children and families. These activities include: increasing the subsidy rate; increasing the number of families eligible for subsidies; introducing funding to support licensed child care centres; supporting new child care options, such as infant care in high schools and regulated family home child care services; increasing support for young children with special needs; supporting the educational advancement of early childhood educators; and providing funding to support regions in the delivery and enhancement of child care services. In addition, Newfoundland and Labrador also increased the benefit rate for families receiving income

support who are required to use unlicensed child care. These child care initiatives address one of the most significant costs faced by many families with dependent children as they move into training and employment.

- **Supplementary Health Benefits**—In 1998, Newfoundland and Labrador invested in an Extended Drug Card program for families with dependent children who move from income support to employment. This investment was designed to help families make the transition to the labour market. The Extended Drug Card is provided for six months after the family has moved off income support as a result of employment.
- **Early Childhood Services and Children-at-Risk Services**—Newfoundland and Labrador has increased the number of community-based family resource centres for families with young children. These facilities provide a wide range of drop-in and supportive services focusing on pregnancy support, nutrition, healthy lifestyles, family support services and quality programs for young children. NCB funding has also supported post-secondary education and training activities for children in the care of the state.
- **Youth**—Newfoundland and Labrador has increased funding to regional health and community services for youth and has supported a new initiative called the Community Youth Network. This is a community-based initiative that draws on the experiences of youth and youth-serving agencies and partners to create local ways of enhancing young people's social and economic participation in society.



## Prince Edward Island

In Prince Edward Island, the NCB has been an important contributor both to children's services and to services that help parents in the labour market. Community consultations on child development have identified essential building blocks for healthy child development, such as child care, children's mental health, autism support, family literacy and income support. The NCB is providing support in each of these key areas.

The NCB appears to be contributing to several positive trends, assisted by an improved economy and other program initiatives. During the first two years of the NCB, the number of Prince Edward

Island families on social assistance fell by more than 25 per cent. The number of children covered by child care subsidies grew by more than 50 per cent. Participation in job creation, employment enhancement and adult literacy programs grew substantially. New and enhanced services for children were also launched.

Provincial reinvestments have had a dual focus: support for parents to join and remain in the labour market; and enhancements to early childhood services. Initiatives include the following:

- **PEI Child Care Benefit**—an enhancement to the existing child care subsidy program;
- **PEI Family Health Benefit**—a new program that helps low-income families with the cost of prescription drugs;

Prince Edward Island's NCB Initiatives (\$000)	1998-99 Expenditures	1999-2000 Estimates	2000-01 Estimates
<b>Child/Day Care</b>			
PEI Child Care Benefit	400	850	600
<b>Supplementary Health Benefits</b>			
PEI Family Health Benefit	-	30	250
<b>Early Childhood Services &amp; Children-at-Risk Services</b>			
Special Needs Grants	100	150	150
Looking After Children	71	50	50
Children-in-Care Initiatives	-	82	88
Children's Mental Health	-	-	250
Speech Therapy Innovation	-	-	80
Autism Integration Project	-	-	32
<b>Other</b>			
Employment Enhancement/Job Creation Program	192	190	100
Literacy/Adult Basic Education Program	100	100	100
<b>Total</b>	<b>863</b>	<b>1,452</b>	<b>1,700</b>



- **Special Needs Grants**—supplementary funding to licensed child care centres that allows them to better accommodate special needs children;
- **Employment Enhancement and Job Creation Program**—enhancements to programs that help parents on social assistance upgrade their job skills and obtain employment;
- **Literacy/Adult Basic Education Program**—funding to allow more parents on social assistance to enrol in adult literacy programs in their communities;
- **Children's Mental Health**—an initiative that has established a new multi-disciplinary children's mental health clinical team;
- **Speech Therapy Innovation**—a new initiative to develop innovative community-based approaches to enhance children's speech, language and communication skills;
- **Autism Integration Project**—a new initiative aimed at improving services for children with autism and their families through early, comprehensive interventions;
- **Looking After Children**—new services to children in care, including the development of research-based policies and training for care providers; and
- **Other Children-in-Care Initiatives**—support for the delivery of children-in-care services to more than 200 PEI children.

## Nova Scotia

Consistent with NCB objectives, Nova Scotia offers special programs and services to help low-income families with children. The **Nova Scotia Child Benefit (NSCB)** is the province's primary NCB reinvestment. Introduced in July 1998, the NSCB provides income support to low-income families with children. In parallel with this initiative, the province is expanding and strengthening programs and services in child care, prevention and early intervention through the **Healthy Child Development Initiatives**, which are designed to give children a better start in life and build a better future for children and our society.

The NSCB is delivered as a combined payment with the Canada Child Tax Benefit through an agreement between the province and the Canada Customs

and Revenue Agency. More than 49,000 children in nearly 30,000 families, including 32,000 children in families receiving social assistance, benefited from the Nova Scotia Child Benefit during 1998–99. In its first year, families with net taxable incomes under \$16,000 per year were eligible.

Annual cash payments per child were increased in 1999–2000, as were the qualifying income levels. The benefit was revised to help families with a net income under \$20,921. Families with incomes between \$16,000 and \$20,921 received partial benefits based on their income levels.

Beginning in July 2000, the Nova Scotia Child Benefit was again increased to a maximum of \$403 per year for the first child in a family, \$319 for the second and \$286 for each additional child.

Nova Scotia's NCB Initiatives (\$000)		1998–99	1999–2000	2000–01
		Expenditures	Estimates	Estimates
<b>Child Benefits &amp; Earned Income Supplements</b>				
Nova Scotia Child Benefit		8,124	15,255	20,250
WIS Client Supplement		635	908	876
<b>Child/Day Care</b>				
Centre-Based Day Care		167	990	1,343
Family Child Care		-	346	346
<b>Early Childhood Services &amp; Children-at-Risk Services</b>				
Early Intervention Program		-	265	480
Community-Based Prevention Program		-	780	916
<b>Total</b>		<b>8,926</b>	<b>18,544</b>	<b>24,211</b>

Note: During 1998–99, about \$1.8 million of Nova Scotia's reinvestment funds were not spent. These funds were placed in a provincial suspense account and have been earmarked for NCB initiatives in future years. Nova Scotia anticipates these funds will be spent on the Nova Scotia Child Benefit.

The Healthy Child Development Initiatives were developed in consultation with community stakeholders. They include an increase in the number of subsidized spaces in centre-based child care and new portable spaces for children with special needs. Since 1998, 180 new subsidized spaces have been funded, including 30 spaces for children with special needs.

In addition, early intervention programs have been enhanced by 50 per cent over 1997–98 levels to provide services for pre-school children with special needs. These programs are specifically designed to promote support for low-income families. Approximately 365 children benefited from Early Intervention Services in 1999–2000 as a result of these enhanced initiatives, which build on existing programs to step up prevention efforts across the province.

## New Brunswick

In 1998–99, New Brunswick passed on the full value of the federal NCB supplement to families on social assistance and has continued to do so. In addition, starting in August 1998, the province increased funding for child care initiatives and created the **Alternative Child Care Program**, which provides a day care subsidy to families who are not eligible for basic financial assistance and do not have reasonable access to licensed child care facilities.

New Brunswick made major new investments under the NCB initiative in 1999–2000, including expanded day care assistance and a major new package of early childhood and children-at-risk services.

In 1999–2000, New Brunswick invested more than \$6.4 million while still passing on the full NCB supplement increase to families receiving social assistance. Provincial NCB initiative investments included the following:

- **Provincial Breastfeeding Strategy**—support for the promotion, protection and support of breastfeeding in the province.
- **Healthy Minds Breakfast Pilot Program**—funding to address the nutritional needs of elementary school students through a pilot program to provide basic breakfast items. Approximately 2,146 children were expected to benefit from the pilot. The Government of New Brunswick has decided to expand the program in 2000–01. Renamed the **Healthy Minds Nutritional Partnership**, the program will benefit as many as 7,276 students across the province.
- **Day Care Assistance Program**—an increased number of subsidized day care spaces.

New Brunswick's NCB Initiatives (\$000)	1998–99 Expenditures	1999–2000 Estimates	2000–01 Estimates
<b>Child/Day Care</b>			
Day Care Assistance Program	579	2,200	2,200
Alternative Child Care Program	46	600	600
<b>Early Childhood Services &amp; Children-at-Risk Services</b>			
Breastfeeding Strategy	-	40	40
Healthy Minds Breakfast Pilot Program	-	303	902
Youth Addictions	-	275	275
Positive Learning Environment	-	3,000	3,000
<b>Total</b>	<b>625</b>	<b>6,418</b>	<b>7,017</b>

- **Youth Addictions**—enhanced funding for the Youth Addictions Services Program through the provision of education, prevention and chemical dependency treatment for approximately 275 children and youth aged 12 to 19.
- **Positive Learning Environment**—new funding to address the unmet needs of children in a holistic manner to help them function in the school environment.

In 2000–01, NCB investments have been maintained in the Day Care Assistance Program, Alternative Child Care Program, Provincial Breastfeeding Strategy, Youth Addictions and Positive Learning Environment initiatives.

In addition to these NCB investments, New Brunswick has allocated \$11.5 million each year for child and youth programming and invested \$20 million annually in the New Brunswick Child Tax Benefit and New Brunswick Working Income Supplement for low-income families with children.



## Ontario

In Ontario, the provincial government and municipalities have made significant investments in NCB initiatives. Since social assistance is cost-shared between the province and municipalities, each has a role to play in Ontario's reinvestment strategy. Ontario's NCB reinvestment strategy complements a wide range of other programs and supports for children. Examples of these programs include **Healthy Babies/Healthy Children**, the **Learning, Earning and Parenting Program**, **Ontario Works Child Care**, employment supports for families with children, and other prevention and early intervention programs.

In 1998, the province created the **Ontario Child Care Supplement for Working Families**, which provides low- to moderate-income families with a benefit for each child under the age of seven. Families are eligible for the supplement if they have employment earnings exceeding \$5,000 for the year regardless of whether they

have child care expenses. It is also available to families in which parents are attending school or training programs and have child care expenses. The benefit goes down in value as family income rises above \$20,000 per year. In 1998–99, the supplement provided support to more than 204,000 families with 333,000 children. The supplement was funded through a combination of an NCB reinvestment and an NCB investment by the province.

In 1999, the province enriched the supplement to a maximum annual benefit of \$1,100 for each child under the age of seven. The 2000 Ontario budget enhanced the supplement for single-parent families. Starting in July 2000, an increase of \$210 annually for working single parents has been available to up to 63,000 single-parent families with 77,000 children.

Ontario's NCB Initiatives (\$000)		1998–99 Expenditures	1999–2000 Expenditures	2000–01 Estimates
Child/Day Care				
	Ontario Child Care Supplement for Working Families*	88,177	143,331	172,000
Other				
	Municipal Reinvestments	17,491	30,202	36,600
Total		105,668	173,533	208,600

\* Figures exclude an additional \$40 million previously committed to the former Ontario Child Care Tax Credit, bringing the totals spent on the supplement to \$128.2 million in 1998–99, \$183 million in 1999–2000 and an estimated \$212.5 million in 2000–01.

Ontario municipalities are implementing their own initiatives as part of Ontario's overall reinvestment strategy. These initiatives, designed to meet local needs and priorities, include programs such as early intervention, child care, employment supports and prevention programs. More information on Ontario municipalities' reinvestments is available in an annual publication by the Government of Ontario. The first report, *NCB Reinvestment: 1999 Ontario-Municipal Report*, was released in May 2000. It is available from the Ontario Ministry of Community and Social Services Web site at [www.gov.on.ca/CSS](http://www.gov.on.ca/CSS). The second annual Ontario NCB municipal reinvestment report was released in early March 2001.

## Manitoba

Manitoba's investments and reinvestments in the National Child Benefit have focused on a range of services, including the following:

- **Child Day Care**—Subsidies have been increased and made available to more families. Support has been increased for rural day care, non-profit day care and flexible-hour child care.
- **Children's Special Services**—Supports have been provided to an increased number of families that are caring for children with a disability in their own homes.
- **Women and Infant Nutrition**—Sessions on prenatal and early childhood care and nutrition are provided, plus a monthly allowance for women who are pregnant or have newborn babies.
- **Adolescent Pregnancy Prevention Strategy**—This strategy aims to reduce the number of adolescents who become pregnant before completing high school.
- **BabyFirst**—This early childhood program provides risk assessment and intensive home visits to families at risk who have children up to three years old.
- **Early Start/Side-by-Side/Other Programs**—These early intervention initiatives assist families needing support to be effective parents, including those who may be at risk of abusing or neglecting their children.
- **Early Literacy**—This grant program supports efforts to accelerate the literacy development of the lowest-achieving students in Grade 1.

Manitoba's NCB Initiatives (\$000)	1998-99 Expenditures	1999-2000 Expenditures	2000-01 Estimates
<b>Child/Day Care</b>			
Child Day Care	3,375	4,282	9,892
<b>Early Childhood Services &amp; Children-at-Risk Services</b>			
Children's Special Services	935	1,000	878
Women and Infant Nutrition	1,196	2,346	3,060
Adolescent Pregnancy	103	425	491
BabyFirst	942	2,447	3,225
Early Start/Side-by-Side/Other Programs	315	2,166	2,202
Early Literacy	2,700	4,700	5,700
<b>Other</b>			
Workforce Attachment	1,330	2,358	2,860
Building Independence/Income Assistance	-	-	3,749
<b>Total</b>	<b>10,896</b>	<b>19,724</b>	<b>32,057</b>

- **Workforce Attachment**—New initiatives provide low-income parents with training and employment services to help them obtain and maintain employment.
- **Building Independence/Income Assistance**—Manitoba has increased supports for parents to enter or re-enter the labour market and has increased basic income assistance rates for young children and allowances for school supplies. Job centre supports and work incentives have been enhanced, and supports to help citizens become independent are being improved.

In addition, Manitoba recently announced its **Healthy Child Initiative**. This new initiative focuses on parent-child centres, prenatal and early childhood nutrition programs, nurses in schools, adolescent pregnancy prevention, and fetal alcohol syndrome/fetal alcohol effect prevention. New programs and services are currently being developed under this program.

## Saskatchewan

Saskatchewan reinvested a total of approximately \$13 million in NCB initiatives in the nine-month period from July 1, 1998 to March 31, 1999. This reinvestment represents \$17.2 million on a full fiscal year basis. As a result of further federal investments in the National Child Benefit

supplement, reinvestment funds for 1999–2000 and 2000–01 are expected to increase to \$21.2 million and \$26.6 million respectively.

The province has devoted reinvestment funds to three new children's programs: the Saskatchewan Child Benefit, the Saskatchewan Employment Supplement, and Family Health Benefits.

Saskatchewan's NCB Initiatives Reinvestment Funds* (\$000)	1998–99 Expenditures	1999–2000 Estimates	2000–01 Estimates
<b>Child Benefits &amp; Earned Income Supplements</b>			
Saskatchewan Child Benefit	10,540	16,270	17,770
Saskatchewan Employment Supplement	1,390	2,640	5,180
<b>Supplementary Health Benefits</b>			
Family Health Benefits	1,080	2,300	3,650
<b>Sub-total</b>	<b>13,010</b>	<b>21,210</b>	<b>26,600</b>

Saskatchewan's NCB Initiatives Incremental Investment Funds ** (\$000)	1998–99 Expenditures	1999–2000 Estimates	2000–01 Estimates
<b>Child Benefits &amp; Earned Income Supplements</b>			
Saskatchewan Child Benefit	19,790	17,480	11,690
Saskatchewan Employment Supplement	2,600	2,830	3,410
<b>Supplementary Health Benefits</b>			
Family Health Benefits	2,030	2,470	2,400
<b>Sub-total</b>	<b>24,420</b>	<b>22,780</b>	<b>17,500</b>
<b>Total</b>	<b>37,430</b>	<b>43,990</b>	<b>44,100</b>

\* Includes provincial revenue from the federal government's increase in the Children's Special Allowance, plus the federal contribution to transitional adjustments for the Working Income Supplement. Funding made available from these sources was \$1.3 million in 1998–99 (actual), and is an estimated \$1.5 million in 1999–2000 and an estimated \$1.8 million in 2000–01.

\*\* In addition to reinvestment funds, the province invested additional funds to support the immediate full implementation of these three programs. This additional investment allowed the removal of the children's basic benefit from the provincial social assistance program and the extension of child benefits to low-income working families. The province's initial investment will be gradually reduced as increases are made to the NCB supplement.



The **Saskatchewan Child Benefit** is a payment to low-income parents to help with the cost of raising a child. Together with the NCB supplement, the program removes children's basic benefits from social assistance and makes provincial child benefits available to low-income families who do not qualify for social assistance. The Saskatchewan Child Benefit is delivered as an integrated payment with the Canada Child Tax Benefit to reduce duplication and simplify administration.

The **Saskatchewan Employment Supplement** is a benefit paid to low-income parents who are working or who receive maintenance payments. The supplement supports employment by offsetting additional child-related costs that a parent may incur through working. It also improves incentives to establish and enforce maintenance agreements by increasing the net value of the payment to the family.

The **Family Health Benefits** program provides extended health benefits to low-income families with children. A full range of benefits is provided for children and partial benefits for adults. With this program, low-income families are assured of retaining health benefits as they leave social assistance for work opportunities.

Consistent with the objectives of the NCB initiative, these three programs help prevent and reduce the depth of child poverty, promote attachment to the workforce, and reduce overlap and duplication through closer harmonization of benefits and simplified administration.

## Alberta

Alberta's NCB initiatives complement existing programs and services for low-income families with children. The province devotes reinvestment funds to the Alberta Child Health Benefit, expanded child care subsidies, increases in shelter benefits for families on social assistance, and prevention and early intervention strategies such as the Protection of Children Involved in Prostitution initiative.

Alberta reinvested \$6.2 million during 1998–99 and \$22 million during 1999–2000 in NCB initiatives. More than \$31 million is being reinvested in NCB initiatives during 2000–01.

The Alberta Child Health Benefit addresses a significant barrier faced by low-income parents on assistance who are moving into the labour market. This initiative provides premium-free coverage for prescription drugs, optical and dental services, emergency ambulance transportation and essential diabetic supplies to children in low-income families. Since being introduced in August 1998, the program has been expanded twice with NCB reinvestment funds. Co-payments were eliminated in January 1999. In May 1999 the plan was expanded, making it sensitive to family size. Since the program had a lower initial enrolment than expected, Alberta has allocated the equivalent of the 1998–99 unspent

Alberta's NCB Initiatives (\$000)	1998–99 Expenditures	1999–2000 Expenditures	2000–01 Estimates
<b>Child/Day Care</b>			
Day Care Subsidy	1,600	6,200	6,300
<b>Supplementary Health Benefits</b>			
Alberta Child Health Benefit*	3,300	10,600	17,500
<b>Early Childhood Services &amp; Children-at-Risk Services</b>			
Children in Prostitution	600	600	600
<b>Other</b>			
SFI Shelter Increase	700	4,600	4,600
SFI School Allowance Increase	-	-	1,250
Transitional Support for Youth Leaving Child Welfare	-	-	1,250
<b>Total</b>	<b>6,200</b>	<b>22,000</b>	<b>31,500</b>
<b>Unspent funds **</b>	<b>5,800</b>	<b>3,300</b>	-

\* Alberta Child Health Benefit expenditures do not include benefits paid for children of upgrading students. The funding for this comes from reducing student assistance to offset part of the NCB supplement received by students with children.

\*\* Unspent reinvestment funds in 1998–99 (\$5.8 million) were carried forward into the next two fiscal years to meet the cost of increased demand for the Alberta Child Health Benefit. Unspent reinvestment funds in 1999–2000 were carried forward into the next fiscal year and allocated to the SFI School Allowance Increase, Transitional Support for Youth Leaving Child Welfare and ACHB initiatives.

reinvestment funds to the program in 1999–2000 and 2000–01. Almost 55,000 children benefited from the program in 1999–2000, an increase of 45 per cent from the previous year.

Alberta has also used NCB reinvestment funds to expand the province's day care subsidy program, which helps working parents remain in the labour market. NCB funding allowed Alberta to raise the net income qualification levels for the child care subsidy, thereby assisting an additional 11,600 children in 1999–2000. The required minimum parent fee of \$40 per month was eliminated as of April 1999.

In February 1999, NCB reinvestment funding was used to increase shelter benefits for families on assistance. Shelter allowance increases ranged from \$33 to \$41 monthly per family. In 1999–2000, more than 28,000 children were in families receiving shelter benefits.

Alberta reinvests funds in prevention and early intervention strategies that keep children safe and support families. The

**Protection of Children Involved in Prostitution** initiative has received \$600,000 in NCB reinvestment funds each year. From February 1999 through the summer of 2000, there were 327 protective safe house apprehensions to temporarily protect vulnerable youth from sexual exploitation.

Beginning in September 2000, NCB reinvestment funding was used to increase allowances for school-aged children whose parents receive assistance. The allowances offset registration fees, school and gym supplies, and other education-related costs. It is anticipated that 23,000 school-aged children will benefit from the \$1.25 million allocated to this program.

Also beginning in 2000–01, Alberta is reinvesting \$1.25 million in transitional supports for youth making the transition from the Child Welfare program to independent living, including the transition to employment, continued learning and adult social responsibilities. Approximately 1,350 youth will benefit from this new program.

## British Columbia

British Columbia's NCB reinvestments are devoted to a wide range of programs benefiting low-income families with children. The province's commitment to this type of initiative began long before the NCB was established with the BC Family Bonus. This program was implemented two years before the NCB and served as one of the models for the national benefit.

British Columbia's reinvestment initiatives include the following:

- **BC Earned Income Benefit**—This is a tax-free monthly benefit that helps low-income working families to seek employment and remain in the labour market.
- **BC Family Bonus Increase**—This innovative benefit was increased in 1999–2000 through NCB reinvestment funds. About 385,000 children in low- and modest-income families receive it.

British Columbia's NCB Initiatives (\$000)	1998–99 Expenditures	1999–2000 Estimates	2000–01 Estimates
<b>Child Benefits &amp; Earned Income Supplements</b>			
BC Earned Income Benefit	48,750	66,000	69,000
BC Family Bonus Increase	-	7,500	10,000
Family Earnings Exemption	-	11,850	15,000
<b>Child/Day Care</b>			
Supported Child Care	3,500	3,000	1,000
Before and After School	-	-	14,000
Child Care Volume	-	-	1,500
<b>Early Childhood Services &amp; Children-at-Risk Services</b>			
Building Blocks	1,500	2,670	-
Foster Care 2000	750	1,000	1,000
Youth Initiatives	2,100	5,830	5,800
Family Support Programs	2,300	10,950	28,200
Alcohol and Drug Strategy for Youth	-	3,150	6,450
Aboriginal Strategy	-	3,000	4,700
School-Based Programs	-	-	1,500
<b>Other</b>			
Youth Community Action	350	500	500
Education Support for Families	-	4,800	6,400
Social Housing	-	-	10,200
Safe Schools	750	1,000	1,000
<b>Total</b>	<b>60,000</b>	<b>121,250</b>	<b>176,250</b>

- **Family Earnings Exemption—**  
A flat rate earnings exemption was introduced in January 2000 to provide added incentive for families on welfare to enter the labour market. This exemption allows families on income assistance to keep up to \$200 of earned income each month.
- **Supported Child Care—**Funding is providing extra support to children with special needs so that they can take part in everyday activities in a community child care setting.
- **Before and After School—**A new initiative that expands access to before and after school care for children in kindergarten to 12 years old. This is the first step in the development of a comprehensive child care strategy in BC.
- **Child Care Subsidy—**As a result of increased demand, due in part to increasing labour involvement, the Ministry provided additional funds for the Before and After School Care subsidy program.
- **Foster Care 2000—**Improvements are being made to training and support for foster parents as part of a long-term strategy.
- **Youth Initiatives—**Programming is aimed at youth at risk, including safe housing for sexually exploited youth and “youth agreements” to provide support for homeless youth who cannot return home.
- **Family Support Programs—**New support services are being provided to enhance family functioning, preserve family integrity and offer child development and parenting skills assistance to families.
- **Alcohol and Drug Strategy (Youth Component)—**Funding has been increased for youth detox, treatment and residential service beds, day treatment programming and family and youth counsellors.
- **Aboriginal Strategy—**Support is being provided to Aboriginal communities to develop and deliver services for children and families.
- **School-Based Programs—**Funds for community school programs, inner city schools, school needs programs and other school-based programs.
- **Youth Community Action—**Tuition fee credits are available to youth who participate in community service projects.
- **Education Support for Families—**Increased student financial aid is being provided to parents enrolled in post-secondary programs.
- **Safe Schools—**Funding is available for the development of violence prevention programs and awareness initiatives about safety issues in schools.
- **Social Housing Subsidy—**Increasing availability and access to affordable housing for low-income BC families.



## Yukon

The Yukon has reinvested NCB funds in early childhood services, children-at-risk services, supplementary health benefits and child benefits. It has also made further investments in several of these initiatives on top of reinvestment funds.

The Yukon's initiatives include the following:

- **Healthy Families Initiative**—This program provides in-home assistance and education to new parents to ensure that infants receive care and stimulation so crucial to their long-term well-being and healthy development. The program also provides support to parents who are adapting to life with an infant and learning necessary skills to care for the child. This program receives both reinvestment funds and an additional investment from the Yukon government.
- **Kids' Recreation Fund**—The fund has been designed to help children whose families are experiencing financial hardship to participate in organized recreational programs. The fund covers registration fees, equipment and supplies for sports, arts, cultural, recreational or social activities. The fund is supported by an NCB reinvestment with an additional investment by the territory to cover administrative costs.
- **Food for Learning**—This program is operated by a non-government organization. It provides funds to assist schools in offering nutrition programs such as breakfast, lunch or snacks for students who do not otherwise have enough to eat. The program existed prior to the NCB. It received a one-time NCB reinvestment in 1998–99, with ongoing funding provided by the territorial government, donations and other sources.

Yukon's NCB Initiatives (\$000)	1998–99 Expenditures	1999–2000 Estimates	2000–01 Estimates
<b>Child Benefits &amp; Earned Income Supplements</b>			
Yukon Child Benefit *	-	328	500
<b>Supplementary Health Benefits</b>			
Children's Drug/Optical	31	62	62
<b>Early Childhood Services &amp; Children-at-Risk Services</b>			
Food for Learning	30	-	-
Kids' Recreation Fund	40	3	69
Healthy Families	16	253	450
<b>Total</b>	<b>117</b>	<b>646</b>	<b>1,081</b>

\* Net of INAC recoveries.

- **Yukon Children's Drug and Optical Program**—This program helps low-income families with the costs of prescription drugs and eye care for children up to 18 years of age. Families pay a deductible based on their income and the number of family members. Low-income families pay no deductible.
- **Yukon Child Benefit**—Established in 1999, this initiative (funded entirely by the Yukon government) provides a tax-free benefit to low-income families with children to help them with the cost of raising their children. The full benefit of \$300 per child per year is available to families with annual net incomes below \$16,700. More than 1,350 families and 2,500 children are expected to benefit during 1999–2000 and 2000–01.

## Northwest Territories

NCB reinvestments by the Northwest Territories included Nunavut for 1998–99 but not for 1999–2000 or 2000–01. Nunavut figures for the latter two years are provided separately.

The Northwest Territories has made NCB reinvestments in the NWT Child Benefit, which includes the Territorial Workers' Supplement, and in the Healthy Children Initiative.

The **NWT Child Benefit** provides a cash benefit of up to \$330 per child per year for families with incomes of \$20,921 or less in the previous year. The Territorial Workers' Supplement provides families who have at least \$3,750 in working income during the previous year with a maximum benefit of \$275 for the first child and \$75 for the second child. To reduce duplication, the Canada Customs and Revenue Agency delivers the benefit for the NWT as an integrated payment with federal child benefits.

Starting in 1999, reinvestment funds also supported the **Healthy Children Initiative**, which has existed since 1997. Reinvestment funds have allowed for an expansion of the initiative, which funds programs for children up to six years of age and their families. Funding is provided to community groups that plan and deliver programs specifically tailored to meet the needs of their community. The initiative supports programs such as the Growing Together Prenatal Program in Hay River, the Yellowknife Women's Centre Family Support Program and a child care support worker in Tuktoyaktuk.

The NWT government is currently developing an **Action Plan for Early Childhood Development** for the Northwest Territories. Following consultation with stakeholders, the action plan will include the delivery of programs and services for children in their early years.

Northwest Territories' NCB Initiatives (\$000)	1998–99 Expenditures	1999–2000 Estimates	2000–01 Estimates
<b>Child Benefits &amp; Earned Income Supplements</b>			
NWT Child Benefit/Territorial Workers' Supplement	3,209	2,186	2,200
<b>Early Childhood Services &amp; Children-at-Risk Services</b>			
Healthy Children Initiative	-	175	385
<b>Total</b>	<b>3,209</b>	<b>2,361</b>	<b>2,585</b>

## Nunavut

The Territory of Nunavut was established on April 1, 1999. Nunavut's NCB initiatives for 1999–2000 and 2000–01 are continuations of the Northwest Territories' 1998–99 initiatives: the Nunavut Child Benefit/Territorial Workers' Supplement and the Healthy Children Initiative.

The eligibility criteria and benefit levels for the **Nunavut Child Benefit and Territorial Workers' Supplement** are the same as those for the NWT's parallel initiatives. The **Healthy Children Initiative** focuses on the healthy development of children up to age six through the improvement or expansion of community-based programs and services for young children and their families. Nunavut has continued with these NCB initiatives during 2000–01.

Nunavut NCB Initiatives (\$000)	1998–99 Expenditures	1999–2000 Estimates	2000–01 Estimates
<b>Child Benefits &amp; Earned Income Supplements</b>			
Nunavut Child Benefit/ Territorial Workers' Supplement	Not applicable	1,960	Not available*
<b>Early Childhood Services &amp; Children-at-Risk Services</b>			
Healthy Children Initiative	Not applicable	372	Not available*
<b>Total</b>	Not applicable	2,332	Not available*

\* Nunavut is unable to provide further statistical data at this time due to system implementation problems.

## First Nations

National Child Benefit reinvestments for First Nations aim to provide a sense of community ownership, as they are designed by First Nations to address the unique and diverse needs of their communities.

The figures listed in the following tables are based on reports received from First Nations that participated in the NCB reinvestment component. As the National Child Benefit was implemented in July of 1998 (partway through the fiscal year), 1998–99 reinvestment figures reflect an eight-month period, August 1998 to March 1999.

### Funds Available in 1998–1999 for First Nations NCB Reinvestments, by Region

Region	Projected funds available for NCB initiatives in 1998–99 (millions \$)
Yukon	0.2
British Columbia	2.3
Alberta	1.7
Saskatchewan	4.4
Manitoba	4.3
Ontario	2.7
Quebec	7.5
Atlantic	1.0
Sub-total	24.1
Additional Investment Envelope	6.2
<b>Total</b>	<b>30.3</b>



## Actual Expenditures in 1998–1999 on First Nations NCB Initiatives, by Program Type

Program type	Total expenditure
Child/Day Care	\$810,589
Child Nutrition	\$4,029,434
Early Child Development	\$389,238
Employment Opportunities/Training	\$4,066,230
Other	\$5,776,075
<b>Sub-total*</b>	<b>\$15,471,566</b>
Additional Expenditures by First Nations with Multi-Year Agreements and Comprehensive Funding Agreements	\$8,693,431
Additional Reinvestment Envelope	\$6,200,000
<b>Sub-total</b>	<b>\$30,364,997</b>
Additional Regional Reinvestment**	\$174,690
<b>Total</b>	<b>\$30,539,688</b>

\* Includes amount of \$400,000 in Ontario which was not broken down by program area.

\*\* The Alberta region expended an additional amount beyond its projected stated total of \$1.7M for 1998–1999.

In assessing these figures, the following points should be noted:

- bands funded under multi-year funding agreements are excluded from the totals for British Columbia, Alberta, Ontario and the Atlantic;
- as the territorial governments provide funding for social assistance and National Child Benefit-related initiatives in the Northwest Territories and Nunavut, reinvestments in these areas are not included;
- self-governing bands in the Yukon are excluded;
- figures for the Atlantic region do not include New Brunswick;
- for the Quebec region, the amount includes savings from the New Family Allowance and the NCB supplement. The total includes multi-tier estimated savings in eight communities;
- in the Ontario region, the amounts listed do not include sole support cases that were still with the provincial Ministry of Community and Social Services but may have been transferred later; and
- the Additional Investment Envelope includes funding that was added as a result of provincial/territorial investments made on top of NCB reinvestments. Additional funding was contributed to make sure First Nations children had access to a comparable level of NCB-related funding.

## Funds Available for First Nations' NCB Initiatives (thousands \$)

Region	1998–1999*	1999–2000	2000–01 (projected)
Yukon	200	360	950
British Columbia	2,300	3,400	4,000
Alberta	1,700	6,800	4,200
Saskatchewan	4,400	8,600	11,500
Manitoba	4,300	8,400	8,400
Ontario**	2,700	5,300	6,300
Quebec***	7,500	8,500	8,500
Atlantic	1,000	2,100	3,000
<b>Sub-total</b>	<b>24,100</b>	<b>43,460</b>	<b>46,850</b>
Additional Reinvestment Envelope^			
• Saskatchewan	6,200	8,100	8,100
• Yukon			240
<b>Total</b>	<b>30,300</b>	<b>51,560</b>	<b>55,190</b>

\* Bands funded under multi-year agreements (e.g., Alternative Funding Arrangements, Financial Transfer Agreements and Canada/First Nation Funding Agreements) are excluded from the totals in British Columbia, Alberta, Ontario and the Atlantic regions. Funding for social assistance and National Child Benefit-related initiatives in the Northwest Territories and Nunavut are provided by the territorial governments. As well, self-governing bands in the Yukon are excluded.

\*\* These amounts do not include the sole support cases remaining with the Ministry of Community and Social Services that may have been transferred before March 31, 2000.

\*\*\* For the Quebec region, the amount includes savings from the New Family Allowance and the National Child Benefit Supplement. The total includes estimated savings from financial transfer agreements for eight communities.

^ The Additional Reinvestment Envelope is based on additional monies received by provinces/territories to the extent that they further invest in National Child Benefit-related income support and benefit programs beyond the level of their federal National Child Benefit reinvested savings. When a province or territory reinvests more than the value of its reimbursements in income support programs, INAC may be required to increase resources to enable First Nations living on-reserve to access an equivalent level of programming and services. For example, in 1998–99, Saskatchewan implemented the Saskatchewan Child Benefit. An additional \$8.1 million was available for reinvestment.













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# The National Child Benefit

# 2001

## Progress Report







# **The National Child Benefit**

# 2001

## Progress Report





May 2002

This document is also available on the federal/provincial/territorial Internet Web site at <http://www.nationalchildbenefit.ca>

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National Child Benefit

Box 307

Ottawa ON

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# Message from Federal/Provincial/Territorial Ministers Responsible for Social Services

The National Child Benefit (NCB) is a joint initiative of Canada's federal, provincial and territorial governments<sup>1</sup> – an innovative and progressive approach to supporting Canada's children.

The NCB is an important initiative to help children get the best start in life. Governments recognize that child poverty has long-term consequences for children and society; they also recognize that families are better off when parents are supported in their efforts to participate in the labour market. The NCB addresses these challenges by creating a secure national platform of child benefits and improving the services and supports provided to low-income families with children. These developments are critical to an effective, long-term approach to reducing low income among families with children.

The NCB is part of a broader child benefit system, which includes provincial and territorial child benefit programs and the Canada Child Tax Benefit. This report focuses only on the NCB initiative. During the development of the NCB, federal, provincial and territorial governments agreed that regular reporting on its progress is essential to remaining

accountable to Canadians. Our commitment to accountability remains strong, and this report represents an additional step forward in providing information on the implementation of the NCB, the programs and services being delivered, and the impact of the initiative on low-income Canadian families.

This report presents updated information on government investments and reinvestments in NCB-related initiatives. For the first time, this report also provides information on the direct impact the NCB is having on low-income families with children as of 1999. The report finds that:

- an estimated 1.2 million families with about 2.1 million children saw an increase in their income;
- the low-income gap was reduced by 6.5 percent<sup>2</sup>.
- low-income families with children saw an average increase of \$775 in their income<sup>3</sup>; and
- the number of low-income families with children was reduced by 2.4 percent or 16,500 families with 33,800 children<sup>4</sup>.

<sup>1</sup> The Government of Quebec has stated that it agrees with the basic principles of the NCB. Quebec chose not to participate in the NCB because it wanted to assume control over income support for children in Quebec; however, it has adopted a similar approach to the NCB. Throughout this report, references to joint federal/provincial/territorial positions do not include Quebec.

<sup>2</sup> Results are based on pre-tax Low Income Cut-Offs (LICOs). For results based on post-tax LICOs, please see text box on page 22.

<sup>3</sup> Results are based on pre-tax LICOs for the period of July 1999 to June 2000. For results based on post-tax LICOs, please see Appendix 3.

<sup>4</sup> Results are based on pre-tax LICOs. For results based on post-tax LICOs, please see text box on page 22.

These impacts are expected to increase since the NCB became more generous in 2000 and 2001. In 1999, the Government of Canada, along with provincial and territorial governments, invested \$950 million in the income component of the NCB. By 2001, it is estimated that total government investments in the income component of the NCB will represent approximately twice that amount. These results will be included in future Progress Reports.

We are encouraged to see that the NCB is having an impact in preventing and reducing child poverty. We are also encouraged by the improvement in the delivery of child benefits to low-income families brought

about the NCB. This improvement in the delivery of child benefits is important to support low-income working families with children. We believe that the NCB is making a positive contribution toward improving the future prospects of children in low-income families, and the impact results in the Progress Report confirm this.

The NCB is an important part of Canadian social policy. We are committed to a reporting process and we are pleased to share our findings with Canadians.

**Federal, Provincial and Territorial Ministers  
Responsible for Social Services**

# Executive Summary

The National Child Benefit (NCB) is a joint initiative of Canada's federal, provincial and territorial governments<sup>5</sup> designed to prevent and reduce the depth of child poverty, support parents as they move into the labour market and reduce duplication and overlap of government programs.

The NCB is part of a broader child benefit system, which includes provincial and territorial child benefit programs and the Canada Child Tax Benefit. This report focuses only on the NCB initiative. Under the NCB Governance and Accountability Framework, federal, provincial and territorial governments committed to reporting on the performance of the NCB initiative annually. This is the third NCB Progress Report published to date.

As part of the NCB, the Government of Canada has increased the child benefits it provides to all low-income families with children. In turn, most provinces, territories and First Nations have adjusted the income support they provide to children through social assistance programs while making sure total benefits to those families remain at least as high as they were before the NCB was introduced. These social assistance adjustments have made funds available for reinvestment in new and enhanced benefits and services for low-income families with children, and they have made benefits equal for all low-income families.

This report describes progress toward the NCB goals since the initiative's inception. It includes:

- an update on general trends up to 1999 (Chapter 3);
- information on the direct impacts of the NCB for 1999 (Chapter 4);
- an overview of the Canada Child Tax Benefit and the NCB Supplement (Chapter 5); and
- an update on provincial, territorial, First Nations and Citizenship and Immigration Canada's NCB expenditures for 1999-2000 and 2000-2001 and estimates for 2001-2002 (Chapter 6).

Key general trends as of 1999 (based on the most recent information available) for low-income families with children include the following<sup>6</sup>:

- The percentage of low-income families with children continued to decline. After declining from a high point of 20.4 percent in 1996 to 17.9 percent in 1998, the incidence of low income dropped to 17.2 percent in 1999. But, 17.2 percent is still above the low of 14.6 percent achieved in 1989.
- Corresponding to this trend, the total number of Canadian children living in low-income families peaked at 1,499,000 in 1996 before decreasing to 1,338,000 in 1998 and 1,298,000 in 1999.

<sup>5</sup> The Government of Quebec has stated that it agrees with the basic principles of the NCB. Quebec chose not to participate in the NCB because it wanted to assume control over income support for children in Quebec; however, it has adopted a similar approach to the NCB. Throughout this report, references to joint federal/provincial/territorial positions do not include Quebec.

<sup>6</sup> These trends are based on Statistics Canada's pre-tax LICOs. For post-tax LICOs the incidence of low income was 12.8 percent and the additional amount of income needed, on average, by a low-income family to reach the low-income line was \$6,255 in 1999.

- The situation of families with children who were living below the low-income lines (known as the “depth of low income”) showed signs of improvement. On average, expressed in 1999 dollars, the additional amount of income needed by a low-income family to reach the low-income line was \$8,625 in 1999 compared to \$9,215 in 1996.

For the first time, the NCB Progress Report provides information on how successful the NCB has been in meeting its goal to help prevent and reduce the depth of child poverty in Canada. As a direct result of the NCB, in 1999<sup>7</sup>:

- an estimated 1.2 million families with about 2.1 million children saw an increase in their income;
- the low-income gap was reduced by 6.5 percent<sup>8</sup>.
- low-income families with children saw an average increase of \$775 in their income<sup>9</sup>; and
- the number of low-income families with children was reduced by 2.4 percent or 16,500 families with 33,800 children<sup>10</sup>.

These impacts are expected to increase since the NCB became more generous in 2000 and 2001. In 1999, the Government of Canada, along with provincial and territorial governments, invested \$950 million in the income component of the NCB. By 2001, it is estimated that total government investments in the income component of the NCB will represent approximately twice that amount.

In addition, the NCB, through the collaboration of federal, provincial and territorial governments, has also established a fundamental improvement to the way children’s benefits are provided to low-income families with children. This improvement suggests that the NCB is meeting its objectives of reducing overlap and duplication.

An evaluation of the NCB is currently underway. It focuses on the direct impact of the NCB on low-income families with children. The evaluation results will be the primary feature of the next NCB Progress Report.

<sup>7</sup> The impact analysis excludes the \$260 million spent on the NCB, which would have been spent in 1999 had the 1996 Working Income Supplement continued, and the approximately \$160 million of provincial/territorial NCB reinvestments and investments in in-kind benefits in 1999.

<sup>8</sup> Results are based on pre-tax LICOs. Based on post-tax LICOs, the NCB reduced the low-income gap by 9.0 percent.

<sup>9</sup> Results are based on pre-tax LICOs for the period of July 1999 to June 2000. Based on post-tax LICOs, low-income families saw an average increase of \$765 in their income due to the NCB (please see Appendix 3).

<sup>10</sup> Results are based on pre-tax LICOs. Based on post-tax LICOs, the NCB reduced the number of low-income families by 5.4 percent (or 28,500 families with 69,200 children), please see Appendix 2.



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# 1. The Purpose of This Report

*The National Child Benefit (NCB) Progress Report: 2001* is the third report on the efforts of Canada's federal, provincial and territorial governments<sup>11</sup> to reduce and prevent child poverty, help parents find and keep work, and reduce program overlap and duplication.

This report describes progress toward NCB goals since the initiative's inception in 1998, with a particular focus on the 1999-2000 and 2000-2001 program years. Provincial,

territorial and First Nations expenditures on NCB-related programs are provided for 1999-2000 and 2000-2001, and estimates are used for 2001-2002.

For the first time, *The NCB Progress Report: 2001* contains results on the impact of the NCB for low-income Canadian families by looking at how the NCB has directly impacted the incidence and depth of child poverty.

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<sup>11</sup> The Government of Quebec has stated that it agrees with the basic principles of the NCB. Quebec chose not to participate in the NCB because it wanted to assume control over income support for children in Quebec; however, it has adopted a similar approach to the NCB. Throughout this report, references to joint federal/provincial/territorial positions do not include Quebec.



## 2. What Is the National Child Benefit?

In 1998, federal, provincial and territorial governments launched the National Child Benefit (NCB), which includes a First Nations component.

The NCB initiative has three goals:

1. to help prevent and reduce the depth of child poverty;
2. To promote attachment to the labour market by ensuring that families will always be better off as a result of working; and
3. To reduce overlap and duplication by harmonizing program objectives and benefits and simplifying administration.

The NCB aims to help all low-income families achieve more financial security by providing stable child benefits, and to help break the cycle of poverty by offering additional programs and services consistent with these goals.

support for children whether their parents are in the labour market or receiving social assistance. In turn, most provinces, territories and First Nations have adjusted the income support they provide to children through social assistance programs<sup>12</sup>. These adjustments have been designed to make sure families are better off working while also ensuring that total benefits to families receiving social assistance remain at least as high as they were before the NCB was introduced.

These social assistance adjustments have made funds available for reinvestments in new and enhanced benefits and services for low-income families with children. The goal is to make it easier for low-income parents to move into and stay in employment, as they receive a basic benefit for their children that continues regardless of whether they are in the labour market or receiving social assistance. In addition, their children can benefit from provincial/territorial NCB reinvestment programs.

The NCB is an effort to address child poverty and the well-being of families by building a national platform of child benefits for low-income families with children. Its defining characteristics include the following:

- It provides a basic income benefit for Canadian children in low-income families, delivered independently of social assistance.
- It is based on an income test using information from the income tax system.

### How the NCB Works

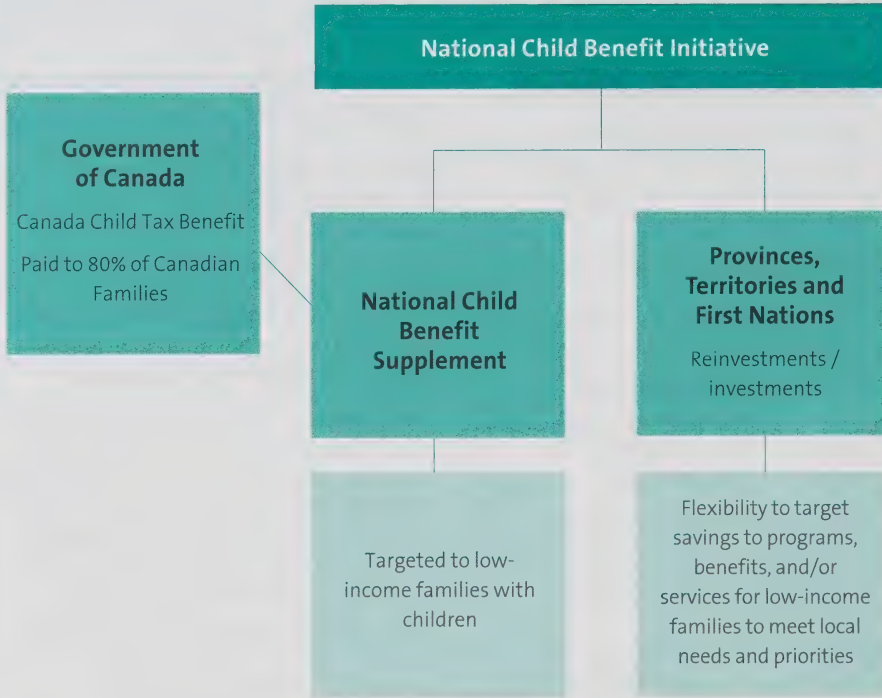
Under the NCB, the Government of Canada has increased the child benefits it provides to low-income families with children through the National Child Benefit Supplement component of the Canada Child Tax Benefit (CCTB). This provides a basic level of income

<sup>12</sup> For a complete description of provincial/territorial social assistance adjustments/reinvestment models please see Appendix 5 or the National Child Benefit Website at <http://www.nationalchildbenefit.ca>.



FIGURE 1

## How Does the National Child Benefit Work?



- It is part of the larger CCTB, which provides benefits to 80 percent of all Canadian families with children.
- It is supplemented by provincial/territorial benefits and services targeted to low-income families with children (e.g. child benefits and earned income supplements; child/day care initiatives; early childhood services and children-at-risk services; and supplementary health benefits).

Governments recognize that the NCB is just one of many factors that affect child poverty and the well-being of families. For example, economic conditions, changing family

structures, and the availability of other government and private-sector benefits and services also play roles.

## Lowering the “Welfare Wall”

Before the NCB, some government programs created to help low-income families unintentionally made it difficult for parents to be employed. Moving to employment from social assistance meant that many low-income families with children saw only a slight overall increase in disposable income as a result of working. However, moving to employment from social assistance also often meant

not only giving up income benefits, but in-kind benefits such as supplementary health, vision, dental and prescription drug benefits for their children. In addition, some families moving into the labour market had difficulty paying work-related expenses such as child care, clothing and transportation, income taxes, Employment Insurance premiums and Canada Pension Plan contributions. Some parents may have been worse off financially in low-paying jobs compared to being on welfare. The term “welfare wall” is used to describe barriers that can make it more difficult for people to move from social assistance to the labour market.

For example, immediately before the introduction of the NCB in July 1998, combined annual federal/provincial/territorial child benefits ranged from about \$2,220 to \$2,820 per child for families receiving social assistance. Benefits for children provided through social assistance are reduced in the same manner as other social assistance income benefits. As a result, benefits for children in low-income working families not in receipt of social assistance were reduced to a maximum of \$1,520 annually for one child. For two children, the difference was even greater. Before the NCB, a family with one child under seven and one child over seven received an average of \$5,253 in child benefits if it was on social assistance – close to double the \$2,753 in child benefits going to the same low-income family not on social assistance.

In addition to financial factors, many low-income parents also encountered education and life skill barriers (e.g. job acquisition skills, search and interview techniques) that made it even more difficult for them to make the transition into the labour force.

The NCB was designed to help lower the welfare wall by ensuring that families leaving social assistance were better off as a result of working. The NCB is building a platform of child benefits outside of welfare and providing enhanced benefits and services so that when parents move from social assistance to work, essential supports for their children remain in place.

## An Example of the NCB in Action

Each province and territory is enhancing its own program of benefits and services for low-income families to help advance the goals of the NCB. Figure 2 illustrates how the NCB is lowering the welfare wall by comparing how much disposable income a family would receive from employment with what it would receive on social assistance, both before and after the establishment of the NCB.

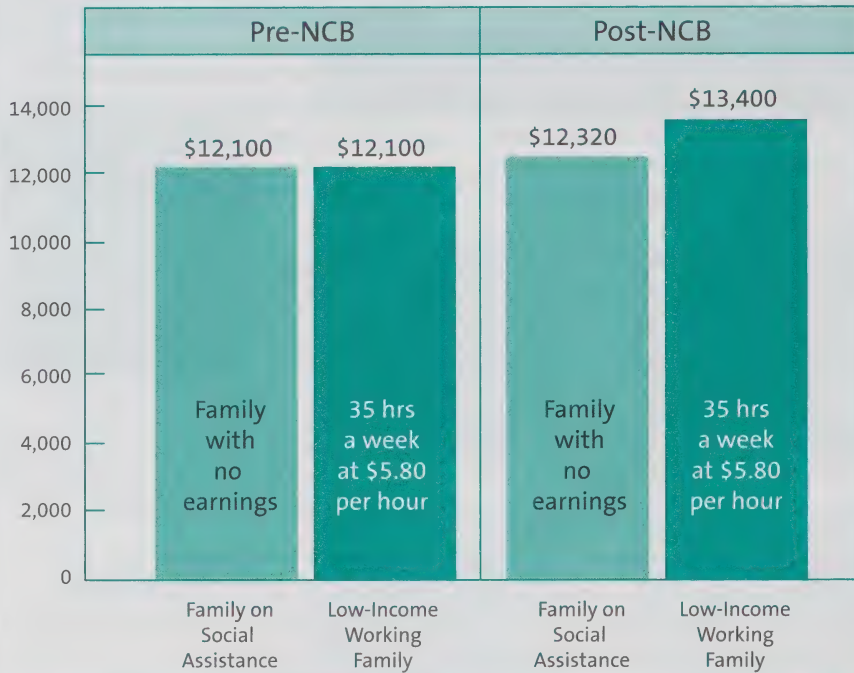
This Progress Report looks at Nova Scotia, which restructured its social assistance system in July 2001 to provide child benefits outside the social assistance system through the Personal Income Tax System<sup>13</sup>.

As illustrated in Figure 2, before the introduction of the NCB, a one-parent family with one young child living in Halifax and working 35 hours a week at minimum wage had an annual disposable income of about \$12,100. This is identical to what the parent would have received through social assistance. When one considers the additional costs of employment (such as day care, transportation and clothing for work), the family would most likely have been financially worse off by leaving social assistance for employment.

<sup>13</sup> Since the introduction of the NCB in 1998, one of the primary NCB reinvestments by Nova Scotia has been the Nova Scotia Child Benefit (NSCB). The NSCB is a monthly payment delivered with the CCTB. In order to look at the impact of the NCB on the welfare wall – independent of other factors – only changes to the social assistance system, the CCTB and the NSCB were taken into account in this analysis. The level of income tax, payroll taxes (such as Employment Insurance and Canada Pension Plan) and the Goods and Services Tax Credit were set at their level as of January 2001 in both the pre- and post-NCB versions of this analysis.

FIGURE 2

### One-Parent Family, One 5 Year-Old Child Living in Halifax, Nova Scotia



As of July 2001, after the introduction of the NCB and the enhancement of the Nova Scotia Child Benefit (NSCB), this same one-parent family could now receive an annual disposable income of about \$13,400 from working in the same job at the same wage, representing an increase of \$1,300 in income because of the NCB. Through these changes, the NCB has increased the incentive to seek employment and provided increased support for parents in low-income families who have already entered the labour market.

Undoubtedly, many factors affect a person's decision to seek employment rather than remain on social assistance. Reducing the welfare wall through income benefits,

however, is one way that the NCB can make employment a better option for low-income parents.

It is important to note that this example does not take into account the in-kind benefits, such as health benefits or other investments or reinvestments in employment support services, which are also an important part of the NCB initiative in many provinces and territories. Through provincial, territorial and First Nations investments and reinvestments in programs and services for all low-income families, the NCB is also addressing income and service barriers that parents face in their efforts to support their families while working.

### 3. Monitoring Progress – General Outcome Indicators

Federal, provincial and territorial governments are committed to report on the National Child Benefit (NCB) initiative, as per the NCB Governance and Accountability Framework (see Appendix 7). This process is essential to inform Canadians about the ongoing progress towards meeting the goals of the NCB. This chapter and Chapter 4 describe government activities to monitor and assess the NCB. Table 1 describes the set of general and direct outcome indicators developed to track on an annual basis the degree to which each of the NCB's three goals is being achieved.

This chapter reports on general outcome indicators, providing a tracking of the socio-economic trends that relate to the NCB goals, including measures of low income and attachment to the labour market. Trends in these general outcome indicators are affected by many factors such as the level of economic growth and changes in population (e.g. the number of one-parent families). They provide information on the overall socio-economic status of low-income families over time and thus give an important basis for comparison on progress made.

These general outcome indicators do not show the degree to which the NCB initiative is responsible for affecting these socio-economic trends. Chapter 4 reports on direct outcome indicators, providing evidence of the direct impact of the NCB on low-income families with children.

As in previous NCB Progress Reports, this chapter focuses on pre-tax Low-Income Cut-Offs (LICOs). This chapter also includes information on the post-tax Low-Income Measure (LIM), and for the first time, information on post-tax LICOs is included. These measures are used to examine trends relating to the low-income population, including family type, incidence and depth of low income, and sources of income. The measures show different numbers of families living in low income, but the trends they illustrate are very similar. These trends, based on pre-tax LICOs, post-tax LICOs and post-tax LIM, can also be found on the National Child Benefit Website<sup>14</sup> (for more information, see the text box entitled Measuring Low Income).

The measures of low income that are used in this chapter indicate how Canadian families are faring in terms of income, but they do not reflect the impact of the many other investments in benefits and services that are also key to improving the well-being of children and their families. For instance, many provincial and territorial initiatives funded through the NCB, such as supplementary health benefits, child/day care, early childhood services and children-at-risk services, do not directly affect income trends. However, these initiatives are an important part of governments' strategies to support Canadian families.

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<sup>14</sup> <http://www.nationalchildbenefit.ca>



TABLE 1

## Outcome Indicators for the NCB

GOALS	GENERAL OUTCOME INDICATORS	DIRECT OUTCOME INDICATORS
Help prevent and reduce the depth of child poverty.	<p>Depth of low income (dollar and percentage)</p> <ul style="list-style-type: none"> <li>Additional amount of income a low-income family would need to reach a pre-determined line (as measured by the LICOs, LIM and, in future, Market Basket Measure).</li> </ul> <p>Incidence of low income</p> <ul style="list-style-type: none"> <li>Number and percentage of families and children living on low income (as defined by the LICOs, LIM and in future Market Basket Measure).</li> <li>Number of families/children on social assistance.</li> </ul> <p>Duration of low income</p> <ul style="list-style-type: none"> <li>Number and percentage of families and children who have been on low income during all four previous years.</li> </ul>	<p>Depth of child poverty</p> <ul style="list-style-type: none"> <li>The change in the aggregate amount of income that low-income families would need to reach a pre-determined line, due to NCB benefits, within a year.</li> </ul> <p>Incidence of child poverty</p> <ul style="list-style-type: none"> <li>The change in the number of families and children that fall below the low-income line, because of the NCB, within a year.</li> </ul> <p>Not applicable</p>
Promote attachment to the labour market by ensuring that families will always be better off as a result of working.	<p>Labour market participation</p> <ul style="list-style-type: none"> <li>Number and percentage of earners in families below the low-income line.</li> <li>Average earned income as a percentage of the low-income line (available on the NCB Website at <a href="http://www.nationalchildbenefit.ca">www.nationalchildbenefit.ca</a>).</li> <li>Average earned income of low-income families, over time, expressed in constant dollars.</li> </ul>	Not applicable
Reduce overlap and duplication by harmonizing program objectives and benefits and simplifying administration.	<p><i>Level 1</i> – use of federal income tax platform.</p> <p><i>Level 2</i> – participation rates in NCB programs, examples of expanded information-sharing agreements.</p> <p><i>Level 3</i> – surveys of managers and other key informants (monitored as part of the NCB evaluation).</p>	Not applicable



## Measuring Low Income

Canada does not have an official poverty line. However, several different measures of low income are used in Canada, and in recent years there has been considerable debate about the best way to measure it. Some believe low income means lacking enough income to buy the basic necessities of life, such as food, shelter and clothing. Others believe that it means not having enough income to participate fully in one's community. Still others believe that low income begins somewhere in between.

The two most widely used indicators of low income in Canada are Statistics Canada's Low-Income Cut-Offs (LICOs) and the Low-Income Measure (LIM). Both are relative measures that establish a dollar figure below which a family is considered to be living on low income. They can be reported based on total income (i.e. income including government transfers such as the Canada Child Tax Benefit, before the deduction of income taxes) known as pre-tax, and those based on after-tax income (i.e. total income after the deduction of income taxes) known as post-tax. As well, there is the Market Basket Measure (MBM), which is expected to be available in 2002 (see text box: The Market Basket Measure).

Both pre- and post-tax LICOs are set according to the proportion of annual income spent on basic needs (food, shelter and clothing). If a family spends 20 percentage points more of its income on these consumption items relative to the average family, then it falls beneath the LICO line. The size of the family and community is taken into account, but geographic differences in the cost of living are not. This NCB Progress Report, as with past NCB Progress Reports, focuses on pre-tax LICOs. In January 2000, Statistics Canada changed its primary LICOs measure to one based on income levels after taxes. While this report continues to report on pre-tax LICOs numbers, information based on post-tax LICOs is included for the first time. Chapter 4, for example, contains a text box that describes some of the impacts of the NCB on low-income families with children using post-tax LICOs.

The LIM was developed as an alternative to the LICOs. It considers a family to be living on low income if its income, adjusted for family size (number of adults and children), is less than half the median income (the income level at which the incomes of half of all families are higher and half are lower). The post-tax-and-transfer LIM is similar to measures used in international comparisons, but it does not reflect geographic differences in living costs across Canada. Statistical trends and impact results, based on pre-tax LICOs, post-tax LICOs and post-tax LIM, can also be found on the NCB Website at <http://www.nationalchildbenefit.ca/>.

As demonstrated here, there are a variety of methods to measuring low income. Future NCB Progress Reports will continue to include information on a range of low-income measures. As the measurement of low income evolves, future Progress Reports may report on a different low-income measure or measures.

In tracking general outcome indicators, over time, the key trends (using pre-tax LICOs) for low-income families include:

- The number of low-income families with children is still on the decline. After declining from a peak of 20.4 percent in 1996 to 17.9 percent in 1998, the incidence of low income among families with children dropped to 17.2 percent in 1999. But, 17.2 percent is still above the low of 14.6 percent achieved in 1989.
- Corresponding to this trend, the number of children living in low-income families peaked at 1,499,000 in 1996 before decreasing to 1,338,000 in 1998 and 1,298,000 in 1999.
- The income situation of low-income families with children (i.e. the depth of low income) shows signs of improvement. On average, expressed in 1999 dollars, the additional amount of income needed by low-income families to reach the low-income line was equal to \$8,625 in 1999 compared to \$9,215 in 1996.

## A Declining Percentage of Low-Income Families

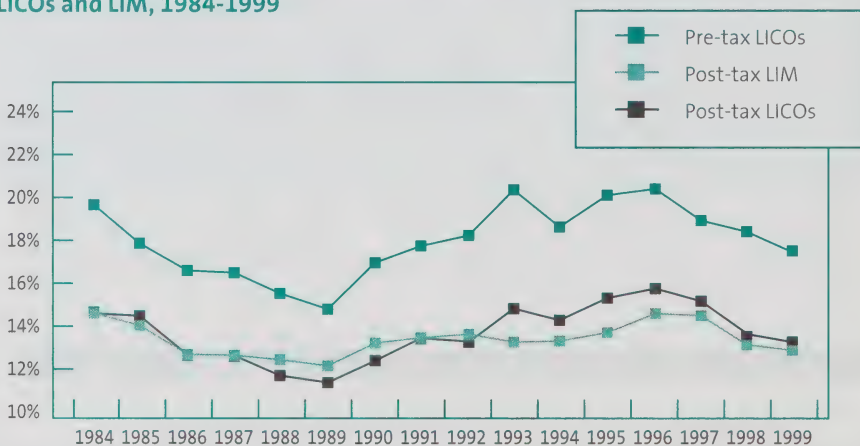
The incidence of low income refers to the proportion of families with children with annual income falling below a pre-determined line, such as Statistics Canada's LICOs, or the LIM. Figure 3 shows trends in the incidence of low income for Canadian families with children, using pre-tax LICOs, post-tax LICOs and after-tax LIM.

As Figure 3 shows, the period of economic growth between 1984 and 1989 translated into a decrease in the proportion of low-income families with children, while the economic slowdown of the early 1990s contributed to a rise in the incidence of low income among families with children.

Even after the economic recovery had begun in 1993, little progress was made in reducing the incidence of low income. Since 1996, however, there has been a steady and significant decline in the proportion of low-income families with children. Using the pre-tax LICOs measure, the incidence of low income

FIGURE 3

### Percentage of Low-Income Families with Children LICOs and LIM, 1984-1999



Source: Statistics Canada, Survey of Consumer Finance from 1984 to 1995 and Survey of Labour Income Dynamics from 1996 to 1999.

among families with children dropped from 20.4 percent in 1996 to 17.9 percent in 1998. In 1999, the incidence of low income continued declining to 17.2 percent.

This reduction translates into more than 104,000 families with about 161,000 children moving above the LICOs between 1996 and 1998 and 31,000 families with 40,000 children moving above the LICOs between 1998 and 1999.

The proportion of one-parent families living below the pre-tax LICOs declined from 51 percent in 1996 to 43.9 percent in 1999, while the proportion of two-parent families living below the line declined from 13.2 percent to 10.6 percent over the same period.

These declines are encouraging and are mostly due to the strong economic performance experienced in the late 1990s. Furthermore, as will be demonstrated in Chapter 4, the NCB has also contributed to these trends.

## Low Income Is Temporary for Most

Most analyses of low income examine families on a year-to-year basis. However, this approach overlooks the fact that many families move in and out of low income over time. Low income is not a permanent situation for most families with children. For example, about 30 percent of all children aged 13 or under lived in a family below the LICOs for at least one of the four years between 1996 and 1999. However,

### The Market Basket Measure

The Market Basket Measure (MBM) is a new income measure that has been developed by federal, provincial and territorial governments.

The MBM identifies income levels that are required for a basic, adequate standard of living that is above the subsistence level. These income levels are based on the actual cost of goods and services in various communities across Canada. The measure identifies how many people live in households that fall below a certain standard of living.

The LIM and the LICOs are based on median incomes adjusted for household size and composition and for average consumption patterns, respectively. The MBM is based on the actual cost of food, clothing, shelter, transportation and other necessary goods and services, such as household supplies and telephone service, that are widely viewed as unacceptable for any household to be without. Households are considered to be living on low income if they do not have enough income to pay for this basket of goods and services after accounting for income and payroll taxes and out-of-pocket spending. This out-of-pocket spending includes such items as child care necessary to earn income, medically prescribed health expenses and aids for persons with disabilities.

Compared with existing measures, the MBM is a more precise reflection of differing living costs by geographic location.

The data needed to develop low-income thresholds for 2000 have been collected. Beginning with the *NCB Progress Report: 2002*, the MBM should prove a valuable complement to the existing measures in tracking low-income trends.

considerably less than half of these children (10.4 percent) lived in a low-income situation for all four years.

This points to the value of initiatives such as the NCB that aim to help families with children stabilize their income and provide additional support when making the transition into the labour market.

### Depth of Low Income Shows Signs of Decline

The depth of low income is the additional amount of income a low-income family would need to reach a pre-determined line, such as Statistics Canada's Low-Income Cut-Offs (LICOs), or the Low-Income Measure (LIM).

For instance, as Table 2 shows, the 1999 low-income line (pre-tax LICO) of a two-parent, two-child family living in a city of more than 500,000 people was \$33,658. If a low-income family had income of \$25,244 in that year, its depth of low income would be \$8,414 (i.e. \$33,658 – \$25,244). The depth of low income can also be expressed as a percentage. This percentage is equivalent to the additional amount of income a family would need to reach the low-income line relative to that same

low-income line (i.e. [ $\$8,414 / \$33,658$ ] x 100). In our example, the family's depth of low income is equal to 25 percent.

As illustrated in Figure 4, the depth of low income for families with children has improved slightly since 1996. Between 1996 and 1999, the depth of low income for families with children improved slightly from 33.6 percent to 31.6 percent.

In 1996, low-income families with children had an average total income of \$18,215<sup>15</sup>. These low-income families would have needed, on average, \$9,215 to reach the low-income line (pre-tax LICOs). Comparatively, low-income families had an average total income of \$18,670 in 1999 and needed, on average, \$8,625 to reach the low-income line (pre-tax LICOs).

Complex factors make it difficult to interpret changes in the depth of low income. As described above, movements in and out of low income are significant and have an impact on the depth of low-income indicator. For example, if families that are closer to the low-income line increase their incomes enough to no longer be considered living in low income, the average depth of low income for those who remain below the low-income line may actually increase. This result would

TABLE 2

#### Depth of Poverty for a Two-Parent, Two-Child Family Living in a City of More Than 500,000 People in 1999

	1999 LOW-INCOME LINE	EXAMPLE FAMILY'S INCOME	DIFFERENCE BETWEEN LOW-INCOME LINE AND EXAMPLE FAMILY'S INCOME (DEPTH OF LOW INCOME OF THAT FAMILY)	PERCENTAGE BELOW LOW-INCOME LINE
Pre-tax LICOs	\$33,658	\$25,244	\$8,414	25.0

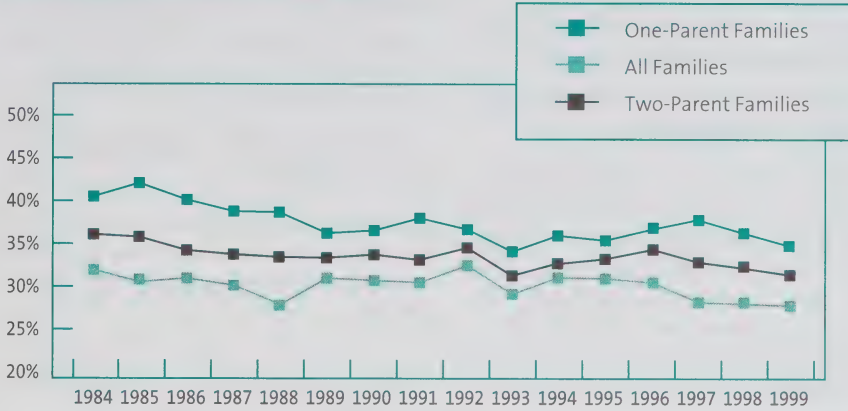
Source: Income in Canada 1999, Statistics Canada.

<sup>15</sup> For comparison purposes, figures in this paragraph are expressed in 1999 dollars.



**FIGURE 4**

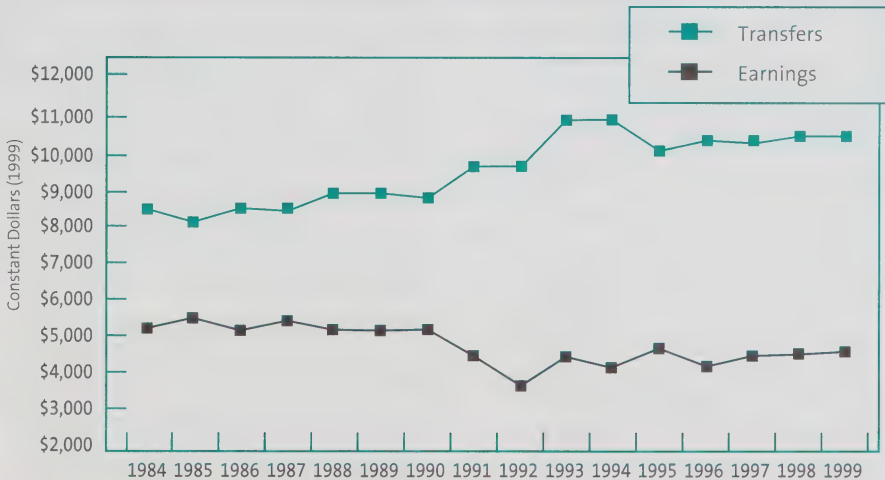
**Pre-tax LICO: Income of Low-Income Families with Children,  
Percentage Below LICOs, 1984-1999**



Sources: Statistics Canada, Survey of Consumer Finance from 1984 to 1995 and Survey of Labour Income Dynamics from 1996 to 1999.

**FIGURE 5**

**Sources of Family Income, Low-Income Families with Children,  
Pre-Tax LICOs (expressed in 1999 dollars)**



Sources: Statistics Canada, Survey of Consumer Finance from 1984 to 1995 and Survey of Labour Income Dynamics from 1996 to 1999.



give the impression that the situation has worsened for all, when it has really improved for many.

Despite its limitations, the depth of low income is an important indicator of how low-income families with children are faring.

## Earned Income of Low-Income Families Is on the Rise

By tracking where low-income families get their income, it is possible to gain additional information on changes in the depth of low income. Figure 5 illustrates the average level of government transfers received and average earnings of low-income families with children between 1984 and 1999, expressed in 1999 dollars.

Government transfers continued to play an important role as a source of family income for low-income families. In line with the economic recovery of the 1990s, an increasing proportion of the income of low-income families came from employment earnings. In 1992, low-income families earned, on average, \$3,780. This amount represented approximately 23 percent of the total income of low-income families. In 1999, low-income families earned, on average, \$4,825, which represented 26 percent of their total income. Even with this improvement, the proportion of the income of low-income families coming from earnings remained below the level of 31 percent reached in 1985. In 1985, on average, low-income families earned \$5,340.

Consistent with this trend, the percentage of low-income families in which the parents had paid employment generally increased during the economic recovery of the late 1990s. As Figure 6 illustrates, the proportion of low-income families with children in which at least one parent was employed for pay during the year increased from 59.4 percent in 1994 to 67.2 percent in 1999. The proportion of one-parent families

employed for pay rose from 42.5 percent to 53.4 percent over the same period. While the proportion of families in which at least one parent was employed for pay during the year provides valuable information, these data do not distinguish between part-time versus full-time work or seasonal versus full-year employment.

## Fewer Canadian Children Are on Welfare

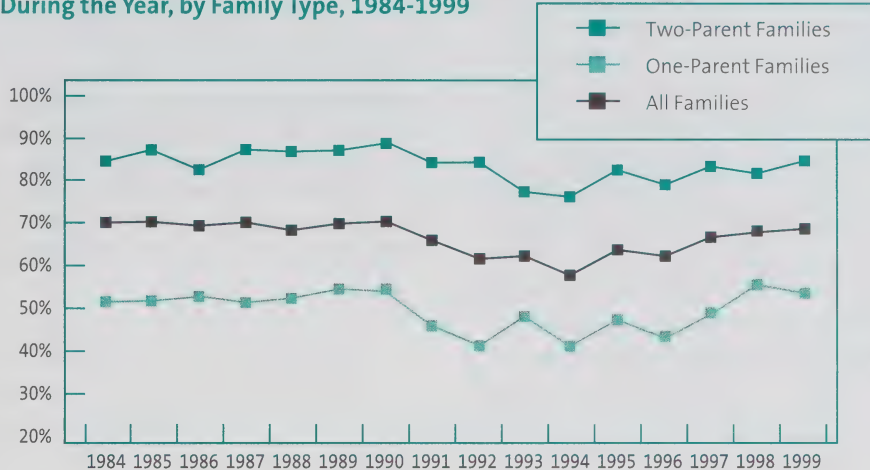
As Figure 7 shows, the number of one-parent families relying on social assistance declined from 472,500 households in March 1995 to 306,300 in March 2000, while the number of two-parent families with children decreased from 178,600 to 105,700 households over the same period. As a result, the number of children living in families relying on social assistance decreased by 440,400 between 1995 and 2000.

A preliminary examination of social assistance caseload data shows some interesting trends. For instance, over the period of March 1998 to March 2000, the number of two-parent families in receipt of social assistance in Canada decreased by 28.2 percent while the number of one-parent families receiving social assistance decreased by 23.8 percent. It is also notable to compare the reduction in social assistance caseloads for families with children with the situation of childless families. For instance, over the same period, two-parent family welfare caseload numbers decreased by 28.2 percent while those of couples without children decreased by only 7.0 percent (not shown in Figure 7).

This reduction in welfare caseloads is due not only to economic growth, but also to welfare reforms, including the restructuring of social assistance systems in several jurisdictions and other factors such as changes in family structures. These trends will be explored further in the evaluation of the NCB described in Chapter 4.

**FIGURE 6**

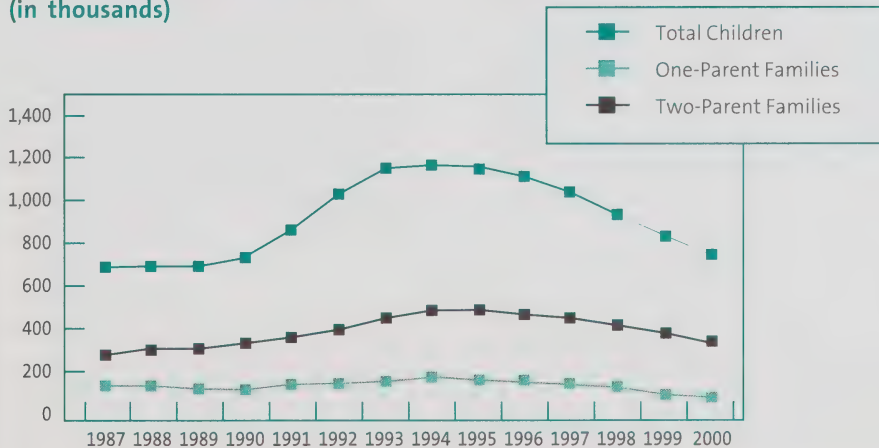
**Pre-tax LICO's-Percentage of Low-Income Families Employed for Pay  
During the Year, by Family Type, 1984-1999**



Sources: Statistics Canada, Survey of Consumer Finance from 1984 to 1995 and Survey of Labour Income Dynamics from 1996 to 1999.

**FIGURE 7**

**Social Assistance Data in March of Each Period, 1987-1999  
(in thousands)**



Source: Social Policy, HRDC.

## Summary

In the context of the economic recovery, it is not surprising that the general outcome indicators examined in this chapter improved in the late 1990s. Although the incidence of low income declined to 17.2 percent for families with children, it remained higher than the low achieved in 1989. The share of earned income of families with children living in low income also increased in the late 1990s. In addition, the number of families with children in receipt of social assistance payments also continued to decline. Generally, however, the trends are encouraging as they indicate an improvement in the situation of low-income families with children.

The evolution of such general outcome indicators is determined by the interactions of many socio-economic factors. As a result, general outcome indicators, such as incidence and depth of low income and the number of families on social assistance, do not tell us whether and to what extent the NCB is responsible for particular changes in these trends. To isolate the impact of the NCB from other socio-economic factors, more refined analysis is required. Chapter 4 presents some direct impact indicators on the success of the NCB in meeting its goals.

## 4. Assessing the Impact of the National Child Benefit

This chapter provides information on how the National Child Benefit (NCB) is meeting its three goals. In particular, this chapter presents evidence of the direct impact of the NCB in making progress on its first goal to help prevent and reduce the depth of child poverty in Canada.

This is done by focusing on the impact of the income component of the NCB on low-income families. As noted in *A Policy Blueprint for Canada's Children*,<sup>16</sup> income is one of three important "enabling conditions" to ensure positive child outcomes. The other two are positive parenting and supportive communities. These conditions are being addressed by many of the provincial and territorial NCB initiatives.

Because the analysis focuses on the income component of the NCB, services such as supplementary health benefits, child/day care, early childhood services and children-at-risk services introduced under the NCB are not included in this analysis. In 1999, these reinvestment programs represented approximately \$160 million or about 32 percent of total provincial and territorial reinvestment and investment strategies. These initiatives do not directly affect income trends, but they are an important part of governments'

strategies to support Canadian families. An evaluation of the NCB (see text box: Evaluation Results to Follow) will examine the impact of in-kind benefits introduced under the NCB initiative (see text box: Evaluation of In-Kind Benefits: Supplementary Health Benefits).

The second goal of the NCB, to promote attachment to the labour market by ensuring that families will always be better off as a result of working, is facilitated through the structural change in the delivery of child benefits brought about by the NCB (see Chapter 2). An evaluation of how well this change has influenced the labour market decisions of families with children is currently being completed. Results from this evaluation will be reported on in the next NCB Progress Report.

This chapter also describes the structural changes in the delivery of child benefits brought about by the NCB as a result of the coordinated efforts of federal, provincial and territorial governments and First Nations. These changes indicate that the NCB is furthering its third goal, to reduce overlap and duplication by harmonizing program objectives and benefits and simplified administration.

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<sup>16</sup> J. Jensen, *A Policy Blueprint for Canada's Children*, Canadian Policy Research Networks, October 1999.

Highlights of the impact of the NCB initiative based on the most recent information available (income portion only):

- The NCB has been successful in making progress on its goal to help prevent and reduce the depth of child poverty in Canada. As a direct result of the NCB, in 1999<sup>17</sup>:
  - An estimated 1.2 million families with about 2.1 million children saw an increase in their income<sup>18</sup>.
  - The low-income gap was reduced by 6.5 percent<sup>19</sup>.
  - Low-income families with children saw an average increase of \$775 in their income<sup>20</sup>.
  - The number of low-income families with children was reduced by 2.4 percent or 16,500 families with 33,800 children<sup>21</sup>.
- These impacts are expected to increase because the NCB became more generous in both 2000 and 2001. In 1999, the Government of Canada invested \$950 million along with provincial and territorial governments in the income component of the NCB. By 2001, it is estimated that total government investments in the income component of the NCB will represent approximately twice that amount.
- In addition, the NCB, through the collaboration of federal, provincial and territorial governments, has also fundamentally improved the way children's benefits are provided to low-income families with children: through integrating child benefits; making benefits based on income and not a needs test; and making most benefits available for families with children whether or not parents are working. This improvement suggests that the NCB is meeting its objectives of reducing overlap and duplication.

Additional results from the NCB evaluation will be featured in the *NCB Progress Report: 2002*.

<sup>17</sup> This excludes the \$260 million spent on the NCB, which would have been spent in 1999 had the 1996 Working Income Supplement continued, and the approximately \$160 million of provincial/territorial NCB reinvestments and investments in in-kind benefits in 1999.

<sup>18</sup> Statistics Canada; Social Policy Simulation Database and Model (SPSD/M).

<sup>19</sup> Results are based on pre-tax LICOs. For results based on post-tax LICOs, please see text box on page 22.

<sup>20</sup> Statistics Canada; Social Policy Simulation Database and Model (SPSD/M). Results are based on pre-tax LICOs for the period of July 1999 to June 2000. For results based on post-tax LICOs, please see Appendix 3.

<sup>21</sup> Results are based on pre-tax LICOs. For results based on post-tax LICOs, please see text box on page 22.



## Preventing and Reducing the Depth of Child Poverty<sup>22</sup>

Between July 1999 and June 2000, an estimated 1.2 million families with 2.1 million children<sup>23</sup> saw an increase in their income as a result of the NCB. The objective of this section is to look more closely at the impact of the NCB on families with income below low-income lines, with a focus on pre-tax Low-Income Cut-Offs (LICOs).

To determine the progress of the NCB in meeting its goal to prevent and reduce the depth of child poverty, analysis was undertaken that isolated the impact of the NCB on the following outcome indicators:

- the number and incidence of families with children living in low income;

- the aggregate amount of income that low-income families would need to reach a pre-determined line (the low-income gap); and
- the average change in income of low-income families with children.

This analysis was carried out by comparing two different federal/provincial<sup>24</sup> child benefit structures in a given year, one structure with the NCB initiative, and another without the NCB initiative. Table 3 illustrates the key differences between these two child benefit structures.

The impact of the NCB is determined by comparing the difference in a given outcome indicator (e.g. the number of low-income families with children) under the structure with

**TABLE 3**

### Two Federal/Provincial Child Benefit Structures in 1999

STRUCTURE 1: WITHOUT NCB INITIATIVE	STRUCTURE 2: WITH NCB INITIATIVE
Maintain the 1996 Working Income Supplement (WIS) structure (i.e. the former WIS)	Introduce the NCB Supplement
No adjustments to provincial income support programs for increases in the NCB Supplement	Introduce adjustments to provincial income support programs for increases in the NCB Supplement
No provincial reinvestment programs in income benefits	Introduce provincial reinvestment programs in income benefits*

\* In 1999, these reinvestment programs represented approximately \$265 million or about 68 percent of provincial, territorial and First Nations reinvestment and investment strategies.

<sup>22</sup> Independent referees Jonathan Kesselman (Department of Economics, University of British Columbia) and Frances Woolley (Department of Economics, Carleton University) reviewed the methodology and considered it appropriate. We thank them for their helpful comments.

This chapter was completed with the assistance of Statistics Canada officials Phillip Giles, Heather Lathe and Brian Murphy and their staff. We also thank them for their helpful comments.

<sup>23</sup> Statistics Canada; Social Policy Simulation Database and Model (SPSD/M).

<sup>24</sup> This analysis was carried out using the Survey of Labour and Income Dynamics (SLID) and the SPSPD/M which do not include information on families living in Yukon, Northwest Territories, Nunavut or First Nations.

the NCB versus the structure without the NCB. This comparison of federal/provincial child benefit structures allows for the examination of changes in the level of income of families with children in a given year as a result of the NCB. This methodology has the advantage of comparing different child benefit structures while keeping other socio-economic variables unchanged, such as earnings and number of families by family type.

However, this comparison does not capture the effect the NCB may have had on the labour market behaviour of low-income families. For instance, the NCB may have had an effect on decisions to work or the number of hours worked by low-income families. In addition, this analysis does not provide information on the progress of specific low-income families over time. Other components of the NCB evaluation (see text box: Evaluation Results to Follow) will provide additional findings addressing these questions.

By comparing the two child benefit structures discussed above (one with and the other without the NCB), it is estimated that the Government of Canada invested \$950 million<sup>25</sup> along with provincial and territorial governments in the income support component of the NCB initiative in 1999. By 2001, it is estimated that total government investments in the income component of the NCB will represent approximately twice that amount. For an estimation of the potential impact of the NCB in 2004 see Appendix 4 (Summary of an Expert Report on NCB Impact).

### Impact Using the SLID Database

The methodology above was used by Statistics Canada using the Survey of Labour and Income Dynamics (SLID). The SLID is an annual

income survey, which was started in 1993 and replaced the Survey of Consumer Finance as of 1996. It makes it possible to assess the impact of the NCB over time. The SLID will be used in future NCB Progress Reports to monitor outcome indicators that relate to the goal of preventing and reducing the depth of child poverty. This section focuses on impact results using the pre-tax LICOs measure. Some results based on post-tax LICOs are presented in a text box on page 22 (see text box: Impact Using the SLID: Focus on Post-Tax Low-Income Cut-Offs). Appendix 2 presents results based on pre-tax LICOs, post-tax LICOs and post-tax LIM.

As indicated in Chapter 3, the incidence of low income among families with children was 17.2 percent in 1999 (using pre-tax LICOs). This translates into about 668,800 families with children living in low income.

Based on the most recent information available, using the SLID, it is possible to estimate the impact the NCB has had on low-income families for 1999<sup>26</sup>. If the NCB had not been introduced, 17.6 percent of families with children (compared to 17.2 percent ) would have lived in low-income situations in 1999. In other words, without the NCB, approximately 685,300 families with children would have lived in low income in 1999, compared to the actual number of 668,800 families. Therefore, as a direct result of the NCB initiative, the number of low-income families declined by 16,500. This represents about 33,800 children moving out of low income (as measured by the pre-tax LICOs). See Table 4 for a summary of these changes.

As Table 4 illustrates, because of the NCB, the number of two-parent and one-parent families living in low income decreased by 3.2 and 1.6 percent respectively in 1999.

<sup>25</sup> Based on administrative data from the Canada Customs and Revenue Agency and provincial administrative data already contained in the *NCB Progress Report: 2000*.

<sup>26</sup> The analysis using the SLID covers the calendar year 1999 (i.e. January 1999 to December 1999). During that period, the maximum annual benefit under the NCB Supplement was equivalent to \$605 for the first child, \$405 for the second child and \$330 for each additional child between January 1999 and June 1999, and equivalent to \$785 for the first child, \$585 for the second child and \$510 for each additional child between July 1999 and December 1999.

TABLE 4

### Change in Families with Children Living in Low Income: January to December 1999

SLID 1999 PRE-TAX LICOS	ONE-PARENT FAMILIES	TWO-PARENT FAMILIES	ALL FAMILIES
Decline in Number of Children Living in Low Income	10,200	23,000	33,800
Decline in Number of Families Living in Low Income	5,200	10,800	16,500
Percentage Change in Number of Families Living in Low Income	- 1.6%	- 3.2%	- 2.4%
Decline in Incidence of Low Income Among Families with Children*	0.7	0.3	0.4

\* Decline in incidence of low income is expressed in percentage points.

Source: Based on Statistics Canada special tabulations from the SLID 1999.

TABLE 5

### Changes in the Depth of Low Income: January to December 1999

SLID 1999 PRE-TAX LICOS	ONE-PARENT FAMILIES	TWO-PARENT FAMILIES	ALL FAMILIES
Decline in the Low-Income Gap (in millions of dollars)	\$160	\$235	\$400
Percentage Change in the Low-Income Gap	- 5.5%	- 7.5%	- 6.5%

Source: Based on Statistics Canada special tabulations from the SLID 1999.96

Of the 16,500 families that left low income, about 10,800 were two-parent families with 23,000 children and 5,200 were single-parent families with 10,200 children.

In addition to reducing the number and incidence of families with children living in low income, the NCB resulted in improved income levels. As discussed in Chapter 3, the main measure of the depth of low income

is the additional amount low-income families would need to reach the low-income line, also referred to as the “low-income gap.” As shown in Table 5, in 1999, because of the introduction of the NCB, the low-income gap was reduced by a total of \$400 million<sup>27</sup>. This reduction corresponds to a decline in the low-income gap of 6.5 percent. Taking into account family structure, the

<sup>27</sup> Increases in NCB benefits were also provided to families above low-income lines.

## Impact Using the SLID : Focus on Post-Tax Low-Income Cut-Offs

As described in the “Measuring Low Income” text box in Chapter 3, Statistics Canada produces two sets of LICOs: those based on total income known as pre-tax LICOs, which are the focus of this report and previous NCB Progress Reports, and those based on after-tax income known as post-tax LICOs. For the first time, the 2001 NCB Progress Report includes information based on post-tax LICOs. This is done to complement the information provided on other low-income measures. Table 6 presents the impact results provided in Chapter 4, using the post-tax LICOs measure instead of the pre-tax LICOs.

**TABLE 6**

### Impacts of the NCB on Low-Income Families with Children January 1999 to December 1999

SLID 1999 POST-TAX LICOs	ALL FAMILIES
Decline in Number of Children Living in Low Income	69,200
Decline in Number of Families Living in Low Income	28,500
Decline in Incidence of Low Income Among Families with Children*	0.7
Decline in the Low-Income Gap (in millions of dollars)	\$310 M
Percentage Change in the Low-Income Gap	- 9.0%

\*Decline in incidence of low income is expressed in percentage points.

Source: Based on Statistics Canada special tabulations from the SLID 1999.

Based on post-tax LICOs, the incidence of low-income among families with children was 12.8 percent in 1999. If the NCB had not been introduced, 13.5 percent of families with children (compared to 12.8 percent) would have lived in low-income situations in 1999. This reduction of 0.7 percentage points translates into a decline of 28,500 families with children living in low income as a direct result of the NCB. This represents about 69,200 children moving out of low income. In 1999, because of the introduction of the NCB, the low-income gap was reduced by a total of \$310 million<sup>28</sup>. This reduction corresponds to a decline of 9.0 percent in the low-income gap. Additional impact results based on post-tax LICOs, broken down by family type, can be found in Appendix 2 of the report.

Impact results vary with the specific low-income measure used. As seen here, the impacts of the NCB on the number and incidence of families living in low income are greater using post-tax LICOs relative to pre-tax LICOs. Possible explanations include the distribution of families around low-income lines. Further analytical work would need to be undertaken to understand the factors at play.

<sup>28</sup> Increases in NCB benefits were also provided to families above low-income lines.



decline in the low-income gap for two-parent families was \$235 million, representing a decline of 7.5 percent in the low-income gap during that year. For one-parent families, this decline was \$160 million or 5.5 percent during the same period.

The impact of the NCB can also be presented in terms of average increases in the income levels of low-income families. For a discussion on the impact of the NCB of the level of income of low-income families see text box “Impact of the NCB on the Income of Low-Income Families” later in this chapter.

### Limitations of the SLID database

The SLID database has three limitations that could affect the quality of the analysis presented in this chapter. First, the SLID tends to underreport the social assistance benefits received by low-income families. This is because some low-income families surveyed in the SLID may underestimate the amount of social assistance benefits they receive. The underreporting of social assistance benefits results in an overestimation of the number of low-income working families and therefore could upwardly bias the impact of the NCB.

The second limitation of the SLID relates to the annual reporting of social assistance payments received by families and the lack of information surrounding the length of time that families spend on social assistance. Because of that limitation, the SLID analysis assumes that if a family receives any amount of social assistance during a given year that

family was in receipt of social assistance for the entire year. In reality, however, this may not be the case. In fact, recent studies<sup>29</sup> have shown that movements in and out of social assistance within a year are significant. That assumption overestimates the total amount of social assistance adjustments and results in an underestimation of the impact of the NCB.

The third limitation relates to the period of time covered by the available data. Because information is available only up to 1999, the impact assessments of the NCB are limited to the first 18 months of the initiative.

### Corroborating Results and Complementary Analysis

Future NCB Progress Reports will use the SLID data as a basis for obtaining impact results. It is important, therefore, to determine the reliability of the SLID results in order to ensure that the Progress Report is accurately reporting the impact of the NCB on families with children living in low income. To address the first two limitations of the SLID analysis, a complementary exercise was undertaken using the Social Policy Simulation Database and Model (SPSD/M)<sup>30</sup>. The SPSD/M is a microsimulation model. The income data used in the SPSD/M are based on Statistics Canada's Survey of Consumer Finance. Although the SPSD/M has the same limitations as the SLID, it can be adjusted to account for the limitations regarding the underreporting of social assistance benefits and the assumption of recipient duration on social assistance.

<sup>29</sup> Barret, Garry F. and Michael I. Cragg (1998), *An untold story, the characteristics of welfare use in British Columbia*, Canadian Journal of Economics 31, 165-188.

Finnie, Ross. *The Dynamics of Poverty in Canada: What We Know, What We Can Do?* C.D. Howe Institute Commentary 145 (September 2000).

<sup>30</sup> The SPSD/M does not include information on families in Yukon, Northwest Territories, Nunavut or First Nations.



With the assistance of Statistics Canada, the SPSPD/M<sup>31</sup> was adjusted using social assistance caseload information from the provinces of Alberta, Saskatchewan, Manitoba, Ontario, and Newfoundland and Labrador, shared on a one-time basis. With this information, Statistics Canada was able to adjust the SPSPD/M to correct for the underreporting of social assistance. In addition, these provincial social assistance data allowed Statistics Canada to use the SPSPD/M to assess the impact of the NCB on a monthly basis, thus avoiding the assumption that recipients are on social assistance for the entire year. Impact results of the NCB using the SPSPD/M are different from the SLID results but are in a range such that the SPSPD/M results can be said to corroborate the findings using the SLID. These results are summarized in Appendix 3.

To address the third limitation related to the short period of time covered by the available data, the Centre for the Study of Living Standards (CSLS) used the SPSPD/M<sup>34</sup> to simulate the projected impacts of the NCB on the depth and incidence of low income for 2004. Results from this analysis are also different from the SLID results but, again, are within a range to corroborate the findings using the SLID and are presented in Appendix 4. (This report will be released by the CSLS later in 2002.)

### Impact of the NCB on the Income of Low-Income Families

Based on the SPSPD/M, for the period of July 1999 to June 2000, the low-income gap i.e. the aggregate amount of income that low-income families would need to reach the low-income line (pre-tax LICO) declined by a total of \$465 million<sup>32</sup> due to the NCB, representing a decline of 7.6 percent in the gap.

However, a complementary indicator can be used to better understand how the NCB has changed the income levels of low-income families with children. For this purpose, the average income of low-income families with children is used. Based on this measure, the income of families with children that were living in low income in 1999 increased on average by \$775<sup>33</sup> over the same period.

### Promoting Attachment to the Labour Market

The analysis presented in this chapter tells only part of the story of the NCB. The NCB has not only reduced the depth and incidence of child poverty but it has also changed and improved the way child benefits and services are provided to low-income families with children. As presented in the description of the “welfare wall” in Chapter 2, the NCB has increased the

<sup>31</sup> For the purpose of this exercise, SPSPD/M version 9.0 was used.

<sup>32</sup> Increases in NCB benefits were also provided to families above low-income lines.

<sup>33</sup> Result based on pre-tax LICOs for the period of July 1999 to June 2000. Note that this increase in the income of low-income families could also be calculated from the SLID.

<sup>34</sup> For the purpose of this exercise, SPSPD/M version 9.0 was used.

incentive to seek employment and provided increased support for parents in low-income families who have already entered the labour market. The objective of this change is to help low-income families with children to make the transition from social assistance to the labour market and help low-income parents already in the labour market to remain there. However, an important component of the evaluation of the NCB will be an assessment of how this improvement in the delivery of child benefits has influenced labour market decisions of families with children. Findings from this assessment will be featured in the next NCB Progress Report.

## Reducing Overlap and Duplication

The improvement in the way child benefits and services are provided to low-income families was brought about by a coordinated effort of federal, provincial and territorial governments and First Nations around common goals. In this way, the NCB is furthering its third goal, to reduce overlap and duplication. As presented in Chapter 2:

- a) The NCB initiative has brought about greater *integration* of child benefits: The NCB has provided provinces and territories with the opportunity to integrate child benefits. In many jurisdictions, the NCB Supplement, together with provincial/territorial child benefits, have integrated the system of child benefits for all low-income families with children.
- b) The NCB initiative provides benefits *based on income*: The NCB provides benefits to low-income families based on family net income and is not a program of last resort, which would require families to use most other resources before receiving benefits. The NCB Supplement helps break the cycle of poverty by providing income support without asking people to divest themselves of the very resources they need to escape from low income. The NCB is administered in a relatively simple, unintrusive and non-stigmatizing manner.
- c) Benefits under the NCB initiative are *portable*: In all jurisdictions, income benefits accompany the family whether

### Evaluation of In-Kind Benefits: Supplementary Health Benefits

Extended health benefits are intended to make it easier for parents on welfare to take low-wage or part-time employment, and prevent them from returning to welfare due to high health costs. Under an extended health benefit program, “working poor” families receive several health benefits that had previously been available only to families on welfare.

For instance, almost 57,000 children benefited from the Alberta Child Health Benefit (ACHB) program in 2000-2001. Of the current registrants in the ACHB program, 97 percent responded that their children’s coverage under the program contributed in a good way to their health and 93 percent felt that the program assisted their family financially.

In addition, more than 105,000 adults and children benefited from the Saskatchewan Family Health Benefit (SFHB) program between July 1998 and January 2000. For the vast majority of recipients (71 percent), the SFHB were new benefits. There was a very high program uptake. Approximately 93 percent of families eligible for the program were receiving Family Health benefits.

they are on social assistance or working and, in most jurisdictions, services are similarly portable. Before implementation of the NCB, parents leaving social assistance for work often faced the loss of important benefits for their children.

The Organization for Economic Co-operation and Development (OECD) survey, *The Economic Survey of Canada, 2001*, refers to the NCB initiative as a noteworthy achievement in improving efficiency and coordination among federal/provincial/territorial programs. This suggests that the NCB is meeting its objective of reducing overlap and duplication.

### Summary

In summary, while the full extent of the impact of the NCB in meeting its goals remains to be evaluated, the results obtained to date are encouraging. The results demonstrate that this important federal/provincial/territorial initiative is having a positive impact resulting in real progress in addressing child poverty.

Furthermore, with the NCB becoming more generous in 2000 and 2001 its impacts can be expected to increase. For an estimation of the potential impact of the NCB in 2004 see Appendix 4 (Summary of an Expert Report on NCB Impact).

This chapter also presents how the NCB is furthering its third goal of reducing overlap and duplication through its change brought to the federal/provincial/territorial child benefit system. Taken together, these results demonstrate significant achievement for federal, provincial and territorial governments in this shared initiative.

Finally, additional findings from the NCB evaluation (see text box: Evaluation Results to Follow) will be featured in the next NCB Progress Report, which will provide a more comprehensive understanding of the impact of the NCB on low-income families with children.

## Evaluation Results to Follow

In addition to monitoring changes in general and direct outcome indicators as presented in this chapter and Chapter 3, governments are committed to an external evaluation of the NCB. In 1999, federal, provincial and territorial governments agreed to pursue a coordinated approach to evaluating the NCB. In 2000, with the assistance of experts on child poverty and labour market issues, an “evaluability assessment” was developed, proposing a four-year evaluation strategy. This is currently underway. Evaluation results from the first two years will be featured in the next NCB Progress Report. These results will be based on two modules using quantitative and qualitative methods:

- The first module uses quantitative methods to examine the impact of the NCB on the incidence and depth of child poverty, on the labour market decisions of parents with children and on social assistance dependence. It examines how NCB programs are integrated with other federal/provincial/territorial initiatives. It also assesses the effectiveness of using the Personal Income Tax System to deliver child benefits and earned income supplements.
- The second module uses qualitative methods to assess the effectiveness of NCB reinvestment programs, and to examine how those programs have contributed to the goals of the NCB. In particular, it focuses on the impact of in-kind benefits and services on low-income families with children. These programs represented 32 percent of provincial/territorial reinvestments and investments in 1999.

The NCB evaluation strategy is further complemented by additional research to help inform policy making and the development of income support programs. Overall, the evaluation strategy, based on these two modules as well as additional research, reflects the ongoing commitment of governments to evaluate and report on the NCB.





# 5. The Federal Component of the National Child Benefit

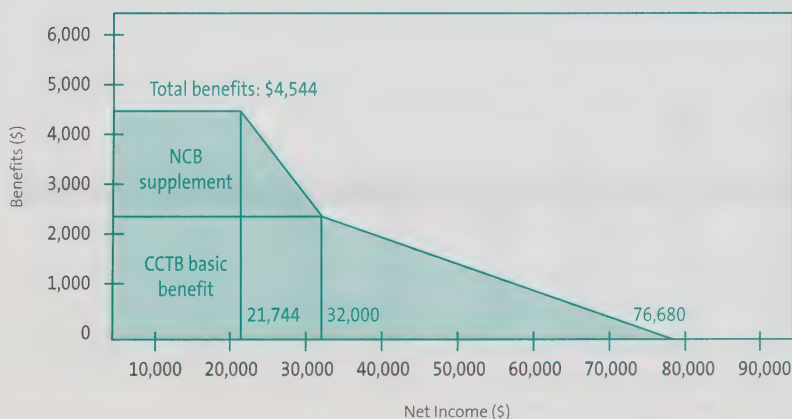
## The Federal Child Benefit System

The Government of Canada has long provided Canadian families with child benefits (see text box: The History of Federal Child Benefits in Canada). Since July 1998, the Government of Canada has provided additional direct financial assistance to families with children through an enhanced Canada Child Tax Benefit (CCTB). The CCTB is a monthly payment for families that is based on family net income and the number and age of children. It is designed to help families with the cost of raising children.

Figure 8 illustrates the amount of CCTB that was paid to two-child families as of July 2001. The amount of CCTB a family receives depends on the family's net income. Low-income families receive the highest level of benefits, and as a family's income increases beyond a certain level – in 2001-2002 that level was \$21,744 – the amount of child benefits is reduced.

FIGURE 8

The Canada Child Tax Benefit For a Two-Child Family as of July 2001



## The History of Federal Child Benefits in Canada

1918 – Child Tax Exemption: This exemption provided income tax savings that increased as taxable income increased. It provided no benefits to families that did not owe income tax.

1945 – Family Allowance: This benefit was provided to all Canadian families with dependent children.

1973 – The benefit levels of the Family Allowance were tripled, indexed to the cost of living, and made taxable.

1978 – Refundable Child Tax Credit: This more targeted and income-tested approach to child benefits provided the maximum benefit to low-income families, a declining amount to middle-income families and no benefit to upper-income families.

1993 – Child Tax Benefit: This benefit consolidated child tax credits and the Family Allowance into a monthly payment based on the number of children and level of family income.

1993 – Working Income Supplement (WIS): This additional benefit was provided to supplement the earnings of low-income working families with children. Federal child benefits in 1993 totalled \$5.1 billion.

1998 – National Child Benefit (NCB) Supplement: The NCB Supplement replaced the Working Income Supplement and was provided to all low-income families as part of the re-named Canada Child Tax Benefit (CCTB). As its initial contribution to the NCB initiative, the Government of Canada committed to an additional \$850 million per year for the NCB Supplement. This was on top of the \$5.1 billion per year that was already provided through the CCTB.

The 1998, 1999 and 2000 federal budgets and the October 2000 Economic Statement and Budget Update provided additional investments in the NCB Supplement and the CCTB basic benefit. As a result, the Government of Canada's investment in the CCTB is estimated to reach a total of \$7.9 billion in 2001-2002, including an investment of \$2.5 billion in the NCB Supplement. The 2000 federal budget committed to continue investing in the CCTB by restoring full indexation of benefit levels and eligibility thresholds to protect their value against inflation.

The CCTB has two main parts: the basic benefit and the NCB Supplement:

- The basic benefit provides a level of child benefits to all low- and middle-income families with children in Canada. More than 80 percent of Canadian families with children receive this base benefit.
- The NCB Supplement provides low-income families with additional child benefits on top of the base benefit. The NCB Supplement represents the Government of Canada's contribution to the NCB.

## Benefits Targeting Low-Income Families

In anticipation of the NCB's launch, the Government of Canada took steps in the 1997 federal budget to increase and restructure its child benefits. Since then, the federal government increased benefits each year up to and including July 2001, and benefits will continue to increase due to indexation.

Figure 9 shows the total value of federal child benefits for low-income families since 1995, and includes expenditures up to 2001-2002. The federal investment in the NCB Supplement has increased dramatically over this period, from \$300 million spent in 1996-1997 on the Working Income Supplement (WIS), which preceded the NCB, to an estimated \$2.5 billion in 2001-2002.

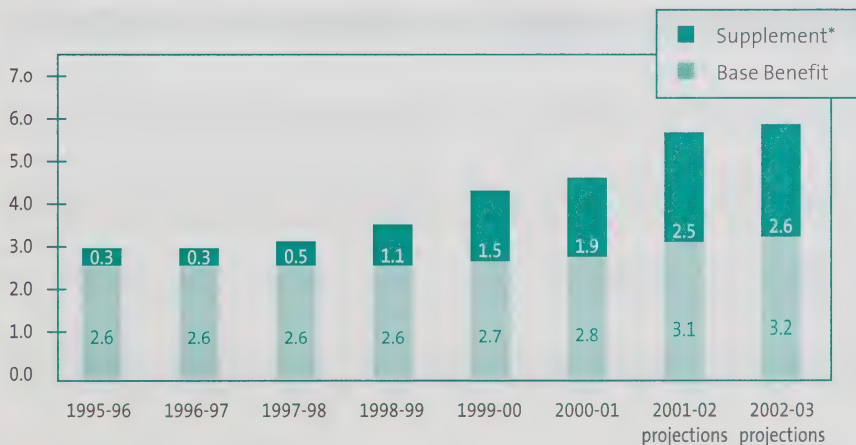
In addition, low-income families receiving the NCB Supplement also gain from increases in the CCTB base benefit, which has increased from \$1,020 per child in 1996-1997 to \$1,117 per child in 2001-2002.

These payments, totalling an estimated \$3.1 billion in 2001-2002, are made to low-income Canadian families to assist with the care of more than 2.6 million children. Figure 9 does not show the basic benefit payments received by middle-income families; these total an estimated \$2.3 billion in 2001-2002. As a result, taking the CCTB basic benefit and the NCB Supplement together, the Government of Canada's support to low- and middle-income families with children is estimated to reach a total of \$7.9 billion in 2001-2002.

Table 7 shows that by July 2002, this increased investment will provide an annual benefit of up to \$4,682 to low-income working families with two children, compared to the maximum annual benefit of \$2,540 that such a family would have received in 1996. This is an 84 percent increase in six years. The increase is even greater for low-income families with more children.

FIGURE 9

### Annual CCTB Expenditures for Low-Income Families 1995-96 to 2002-03



\* Includes the former Working Income Supplement for the years 1995-96 to 1997-98

TABLE 7

### Comparison of Maximum Federal Child Benefits in 1996 and 2002

NUMBER OF CHILDREN	1996-1997 MAXIMUM CTB+WIS	2002-2003 MAXIMUM BASE BENEFIT + NCB SUPPLEMENT	PERCENTAGE INCREASE IN FEDERAL BENEFITS
1	\$1,520	\$2,444	60%
2	\$2,540	\$4,682	84%
3	\$3,635	\$6,922	90%
4	\$4,730	\$9,162	93%

Note: Benefits do not include an additional benefit provided for each child less than seven years of age for whom no child care expenses were claimed. In 1996-1997, this benefit was equivalent to \$213 per child, and will increase to \$228 per child as of 2002-2003.

TABLE 8

### Total Federal NCB Expenditures on a Program-Year Basis (\$ millions)

	1999-2000 EXPENDITURES	2000-2001 EXPENDITURES	2001-2002 ESTIMATES
NCB Supplement	1,458.2	1,875.2	2,500.0
Children's Special Allowance	39.0	50.0	64.0
Resettlement Assistance Program	0.3	0.9	1.0
Additional First Nations investments	8.3	2.6	6.8
Total Expenditure	1,505.8	1,928.7	2,571.8

Based on federal government inflation projections<sup>35</sup>, it is anticipated that by 2004, low-income families will receive maximum annual CCTB benefits of approximately \$2,500 for the first child and approximately \$2,300 for the second and each subsequent child, for total benefits of up to approximately \$4,800 annually for a two-child family.

### Indexing of Benefits

Since January 2000, the value of benefits delivered through the CCTB has been protected against inflation through full indexation of the federal personal income tax system. This means that the amounts of CCTB base benefit and NCB Supplement that are paid, and the income levels at which families become eligible for benefits, will keep pace with increases in the cost of living.

<sup>35</sup> The 2000 federal budget projected inflation rates of 2.1 percent for 2003 and 2004.



## Total Federal Investment in the NCB

In addition to the Government of Canada's substantial and growing investment in the NCB Supplement, it has also made other investments related to the NCB initiative. These include the Children's Special Allowance for supporting children in the care of foster parents, government departments or agencies, NCB-related investments for First Nations

(in addition to NCB reinvestment funds), and additional investments in the Resettlement Assistance Program (RAP) for refugees. More details on these programs are provided on the National Child Benefit Website (<http://www.nationalchildbenefit.ca>).

As Table 8 indicates, total federal NCB expenditures have risen from just over \$1.5 billion in 1999-2000 to an estimated \$2.5 billion in 2001-2002.

**TABLE 9**

### National Child Benefit Supplement Paid to Low-Income Families with Children for 1990-2000 and 2000-2001

JURISDICTION	JULY 1999 – JUNE 2000		JULY 2000 – JUNE 2001	
	NUMBER OF CHILDREN RECEIVING THE SUPPLEMENT	BENEFITS PAID FOR JULY 1999 – JUNE 2000 (MILLIONS)	NUMBER OF CHILDREN RECEIVING THE SUPPLEMENT	BENEFITS PAID FOR JULY 2000 – JUNE 2001 (MILLIONS)
Newfoundland and Labrador	53,900	\$31.4	53,300	\$38.2
Prince Edward Island	12,500	\$6.9	12,800	\$8.7
Nova Scotia	85,000	\$50.3	86,800	\$63.3
New Brunswick	70,100	\$40.9	70,700	\$51.0
Quebec	603,200	\$341.3	624,200	\$436.8
Ontario	879,400	\$504.4	907,700	\$645.7
Manitoba	124,300	\$69.1	130,800	\$91.0
Saskatchewan	124,500	\$69.5	128,500	\$90.4
Alberta	248,100	\$138.4	267,100	\$185.1
British Columbia	339,900	\$198.7	352,100	\$255.6
Nunavut	4,600	\$2.5	4,200	\$3.0
Northwest Territories	4,900	\$2.7	5,800	\$4.0
Yukon	2,700	\$1.6	2,600	\$1.7
<b>Total*</b>	<b>2,555,300</b>	<b>\$1,458.2</b>	<b>2,648,000</b>	<b>\$1,875.2</b>

\* Includes Canadians living outside of Canada.

Note: Totals may not add due to rounding.

Source: Canada Customs and Revenue Agency



## NCB Supplement

Table 9 shows the number of children who benefited from the NCB Supplement and the total amount of benefits by province or territory since the introduction of the NCB initiative. Some families receiving social assistance payments have the amount of their NCB Supplement offset by adjustments in the child benefits they receive from their

province's, territory's or First Nation's social assistance program, which ensures that total benefits to families receiving social assistance remain at least as high as they were before the NCB Supplement was introduced. Where jurisdictions offset these funds, they are reinvesting them in NCB programs and services for children. These programs and services are described in Chapter 6.

## 6. The Provincial and Territorial Component of the National Child Benefit

The National Child Benefit (NCB) includes both federal and provincial/territorial components<sup>36</sup>. The federal component is described in Chapter 5, and involves increased federal payments to low-income families with children. As these have been implemented, most provinces and territories<sup>37</sup> have allowed the increased federal payments to replace part of their social assistance payments to families with children. This has allowed provinces and territories<sup>38</sup> to maintain total benefits to social assistance families at the same level as before, while providing increased funds to programs and services that benefit low-income families with children. These funds are known as NCB reinvestments.

Some jurisdictions<sup>39</sup> have reached the point where the NCB Supplement has fully offset the amount of child benefits delivered through social assistance and have restructured their social assistance systems to provide income-tested child benefits outside of welfare. As the NCB Supplement increases,

these jurisdictions do not adjust their income-tested child benefits. For these jurisdictions, reinvestment funds represent the amount of “fixed” savings to the jurisdiction since the introduction of the NCB, carried forward on an annual, ongoing basis.

Other jurisdictions<sup>40</sup> have restructured their social assistance systems to provide income-tested child benefits outside of welfare. These jurisdictions, however, continue to offset increases to the NCB Supplement. For a more detailed discussion of the method that jurisdictions are using to offset social assistance benefits for children through the NCB, please see the Website <http://www.nationalchildbenefit.ca>.

In addition to these reinvestments, some jurisdictions are devoting additional funds to benefits and services that help meet the goals of the NCB. These additional funds are referred to as NCB investments. The total of reinvestments and investments make up the provincial/territorial NCB initiatives.

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<sup>36</sup> Percentages quoted in this chapter include First Nations expenditures, but First Nations information is not included in any of the five reported program areas.

The financial information presented in this report is subject to review by each jurisdiction in accordance with its audit requirements.

<sup>37</sup> In 1998-1999, New Brunswick and Newfoundland and Labrador chose not to adjust social assistance payments by the full amount of the NCB Supplement. New Brunswick continued this policy through 1999-2000. Newfoundland and Labrador redesigned its income support program in 1999-2000, with the introduction of the Newfoundland and Labrador Child Benefit as the provincial reinvestment initiative. In 2000-2001 and 2001-2002, Newfoundland and Labrador, New Brunswick and Manitoba did not recover the NCB Supplement increase to families receiving social assistance. In 2001-2002, Manitoba stopped recovering the NCB Supplement for children age six or under.

<sup>38</sup> The *National Child Benefit Progress Report: 2001* does not include data on investments and reinvestments for Quebec. All Quebec residents benefit in the same way as other Canadians from the Canada Child Tax Benefit. Moreover, they benefit from important investments made by the Quebec government, in the context of its family policy, in services for families and children.

<sup>39</sup> Newfoundland and Labrador, and Nova Scotia are in this situation.

<sup>40</sup> British Columbia and Saskatchewan are in this situation.

NCB initiatives benefit children in low-income working families as well as children in families receiving social assistance. This support – combined with the NCB Supplement, which is provided regardless of whether the family is in the labour market or receiving social assistance – helps reduce the “welfare wall,” and aims to make it easier for families to become self-sufficient.

NCB initiatives build on investments to support low-income families with children that were made by several provinces and territories before the NCB began. In addition, provincial and territorial governments continue to provide important financial support to low-income families with children through social assistance or integrated child benefit programs.

**TABLE 10**

**Provincial, Territorial and First Nations NCB Initiatives, Reinvestments and Total Initiatives, by Jurisdiction (\$ millions)**

JURISDICTION	EXPENDITURES 1999-2000		EXPENDITURES 2000-2001		ESTIMATES 2000-2001	
	TOTAL REINVESTMENT	INITIATIVES	TOTAL REINVESTMENT	INITIATIVES	TOTAL REINVESTMENT	INITIATIVES
Newfoundland and Labrador	5.1	13.2	6.8	16.7	7.0	18.0
Prince Edward Island	1.4	1.4	1.8	1.8	2.0	2.2
Nova Scotia	16.9	16.9	21.5	21.5	20.2	33.2
New Brunswick	0.0	5.3	0.0	8.4	0.0	8.8
Ontario	151.0	184.0	166.7	205.9	193.8	253.8
Manitoba*	15.6	19.4	17.0	30.7	12.7	35.1
Saskatchewan	22.2	45.1	29.0	35.8	38.0	41.0
Alberta	22.0	22.0	32.1	32.1	35.2	35.2
British Columbia	121.3	121.3	176.3	176.3	239.3	239.3
Yukon	0.2	0.6	0.2	0.9	0.3	1.1
Northwest Territories	0.7	2.1	0.8	2.1	1.3	2.2
Nunavut	1.6	2.3	2.3	2.8	2.5	2.6
First Nations	41.9	50.2	50.2	54.3	53.8	59.5
Citizenship and Immigration Canada	2.3	2.3	2.3	3.1	1.8	2.8
<b>Total</b>	<b>402.0</b>	<b>486.2</b>	<b>507.0</b>	<b>592.3</b>	<b>607.8</b>	<b>734.7</b>

\* Some Early Childhood Development funding is included in total initiatives for 2001-2002.

Note: Totals may not add due to rounding.

## NCB Initiatives in 2000-2001 and 2001-2002

In 2000-2001 – the second full fiscal year of the NCB – provincial, territorial and First Nations reinvestments and investments totalled \$592.3 million. In 2001-2002, reinvestments and investments are estimated to reach a total of \$734.7 million.

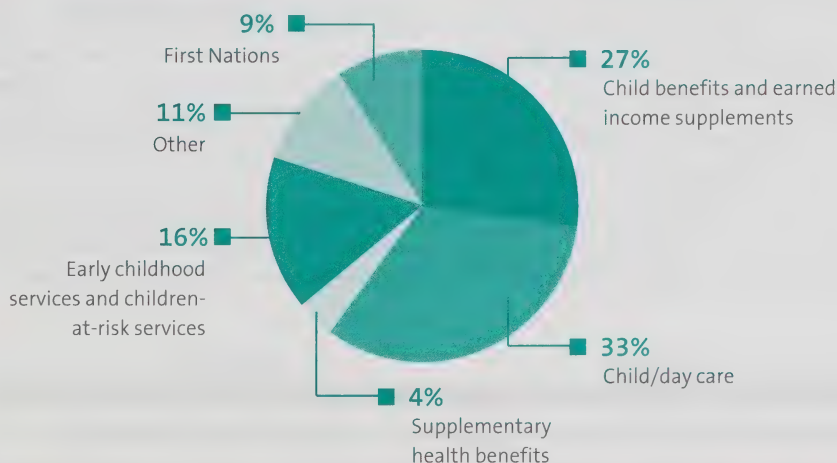
Table 10 provides a breakdown of each jurisdiction's expenditures over the first three full fiscal years of the initiative. Figures for 1999-2000 and 2000-2001 are actual expenditures, while 2001-2002 figures are estimates.

In deciding what initiatives to support through NCB reinvestments and investments, provinces and territories are guided by a National Reinvestment Framework that was agreed to by the Ministers Responsible for Social Services<sup>41</sup>. Under this framework, each province and territory has the flexibility to make decisions on reinvestments that respond to its own priorities and the needs of its residents, while also supporting the objectives of the NCB.

Many provinces, territories and First Nations base their reinvestment decisions on consultation with their residents, or are including such consultation as part of an overall redesign of their income supports.

**FIGURE 10**

### Summary of Provincial/Territorial and First Nations NCB Initiatives, by Program Area, 2000-2001 Actuals



<sup>41</sup> First Nations also follow a reinvestment framework, which is administered by the federal Department of Indian Affairs and Northern Development (described in Chapter 7 of this report). Citizenship and Immigration Canada (CIC) administers the Resettlement Assistance Program (RAP), which provides refugees with benefits that reflect the amounts that jurisdictions provide through social assistance. As a result, there is also an NCB reinvestment component to the RAP program.



Reinvestments and investments are providing new or enhanced supports for low-income families in five key areas:

- child benefits and earned income supplements;
- child/day care initiatives;
- early childhood services and children-at-risk services;
- supplementary health benefits; and
- other NCB initiatives.

## Child Benefits and Earned Income Supplements

Child benefits and earned income supplements provide important financial support to low-income families. Increasingly, provinces and territories are providing these benefits outside of the social assistance system, so that families receive child benefits independently of the parents' employment situation. These child benefits improve the financial stability of low-income families, help make up for relatively low wages that often come with entry-level jobs, and aim to make it possible for parents to stay in the labour market and work toward higher wages in the future.

Several provinces have completely restructured their social assistance systems so that they now provide child benefits outside of social assistance. As a result, families in these provinces keep their provincial child benefits – in addition to the NCB

Supplement – when parents make the transition from social assistance to work.

Several other jurisdictions provide child benefits that top up the amount that families receive through social assistance in support of their children. In most of these cases, the provincial or territorial child benefit is combined with the federal Canada Child Tax Benefit in a single monthly payment.

Some jurisdictions also provide low-income working families with an earned income supplement. This is a form of child benefit that provides families with an employment incentive in the form of additional resources to help with the cost of raising children. Eligibility is tied to earning a certain minimum amount from employment. Earned income supplements top up family-earned income for low-wage earners, helping families to cover the added costs of employment.

Child benefits and earned income supplements have accounted for the second largest share of NCB initiatives in each year of the NCB.

## Child/Day Care Initiatives

Child care must be accessible and affordable, so that low-income parents can enter and stay in jobs. Improving access to affordable child care provides this opportunity and contributes to healthy child development.

Provincial/territorial NCB initiatives in child care have taken a variety of forms, with eight provinces devoting NCB funding to this area.

TABLE 11

### Child Benefits and Earned Income Supplements — NCB Initiatives (\$ millions)

	1999-2000 EXPENDITURES	2000-2001 EXPENDITURES	2001-2002 ESTIMATES
Provincial/territorial & CIC expenditures	151.9	161.1	203.8
Percentage of total NCB initiatives	31.3%	27.2%	27.7%



TABLE 12

### Child/Day Care — NCB Initiatives (\$ millions)

	1999-2000 EXPENDITURES	2000-2001 EXPENDITURES	2001-2002 ESTIMATES
Provincial/territorial & CIC expenditures	173.7	197.6	225.5
Percentage of total NCB initiatives	35.8%	33.4%	30.6%

Child/day care has accounted for the largest share of NCB initiative funding in each of the NCB's first four years. About 80 percent of the total NCB-related child/day care funding is for a single program – Ontario's Child Care Supplement for Working Families.

Some jurisdictions provide funding through subsidies to child care facilities; these subsidies allow facilities to offer low-income working families access to child care at a more affordable price. Other jurisdictions provide assistance directly to families; this reduces families' share of child care costs while allowing them to choose the form of child care that best meets their needs. Some jurisdictions combine both approaches.

Each of these forms of support is designed to help low-income families cover the additional costs of child care that result from being employed. Jurisdictions have modelled their programs to the specific environment and needs of families in the jurisdiction.

### Early Childhood Services and Children-at-Risk Services

Experts on child development agree that the first six years of life are critical to a child's development and future well-being. Several jurisdictions are focusing NCB initiatives on services that provide early support to low-income families with children in order to optimize child development and give young children a healthy start in life. These programs range from prenatal screening to information on mother and child nutrition and parenting skills.

In addition to providing early childhood services, these programs are also valuable in providing children and youth at risk with support to help them develop in positive directions. Children-at-risk services, ranging from early literacy classes to recreation programs and youth community programs, can make a positive difference to these children.

TABLE 13

### Early Childhood Services and Children-at-Risk Services — NCB Initiatives (\$ millions)

	1999-2000 EXPENDITURES	2000-2001 EXPENDITURES	2001-2002 ESTIMATES
Provincial/territorial & CIC expenditures	48.6	91.9	139.7
Percentage of total NCB initiatives	10.0%	15.5%	19.0%

Programs in these areas accounted for the third largest share of NCB initiative funding for the last three years. This area of investment has grown the most of all categories in terms of the number of jurisdictions investing in it – increasing from six jurisdictions to eleven jurisdictions over the four years of the NCB.

## Supplementary Health Benefits

Supplementary health benefits are benefits that go beyond basic Medicare coverage, including a range of benefits that could include optical care, prescription drugs, dental care, or other benefits. The nature of these benefits varies among jurisdictions, most of which have long provided them to families receiving social assistance. Now, NCB initiatives in some provinces and territories are providing these benefits to all children in low-income families.

These programs ensure that families do not lose important health benefits when they move from social assistance to the labour market. This makes it easier for families to leave social assistance, as they can still rely on having these important benefits for their children.

The health benefits that are provided as NCB initiatives vary among jurisdictions. Alberta's Child Health Benefit is the largest of these initiatives in the country, making up about 75 percent of the total amount being spent on this type of NCB initiative across Canada.

Supplementary health benefits have grown over the NCB's four years in terms of the number of jurisdictions investing in them (five jurisdictions in 2001-2002) and the dollars invested.

**TABLE 14**

### Supplementary Health Benefits — NCB Initiatives (\$ millions)

	1999-2000 EXPENDITURES	2000-2001 EXPENDITURES	2001-2002 ESTIMATES
Provincial/territorial & CIC expenditures	15.9	22.6	25.4
Percentage of total NCB initiatives	3.3%	3.8%	3.5%

## Other NCB Initiatives

The flexibility of the NCB enables provinces and territories to come up with their own answers to the particular challenges facing their jurisdictions. Seven jurisdictions plus Citizenship and Immigration Canada (CIC) have investments in this category.

The wide variety of reinvestments undertaken by Ontario municipalities,

which share responsibility for social assistance with the province, are examples of initiatives in this category. These municipal reinvestments range from early intervention and child care to employment supports and prevention programs. Other reinvestments account for the fourth largest share of NCB initiative funding.

TABLE 15

### Other — NCB Initiatives (\$ millions)

	1999-2000 EXPENDITURES	2000-2001 EXPENDITURES	2001-2002 ESTIMATES
Provincial/territorial & CIC expenditures	45.8	64.8	82.0
Percentage of total NCB initiatives	9.4%	10.9%	11.2%



# 7. First Nations and the National Child Benefit

The Government of Canada is committed to focusing on the day-to-day issues and problems facing First Nations on reserve. The country's changing demographic profile points to a First Nations population increasing at a greater rate, coupled with lower socio-economic indicators, when compared to the general Canadian population. Therefore, the federal government wants to take practical measures to ensure that First Nations on reserve have the same opportunities enjoyed by all Canadians. The First Nations National Child Benefit (NCB) reinvestment component is one of these measures, and the Government of Canada continues to work in partnership with First Nations, based on the principle of mutual respect, to realize the shared goal of improving First Nations quality of life.

This chapter outlines how First Nations on reserve and the federal government are cooperatively addressing the needs of low-income families through the First Nations NCB reinvestment component. First, it will explain how First Nations on reserve implement the NCB reinvestment component, and the types of activity areas in which reinvestments occur. Second, the chapter looks at how the progress of the NCB reinvestment component is being monitored – through self-evaluations and an interim evaluation. Third, this chapter outlines the next steps for the First Nations NCB reinvestment component while continuing to ensure that First Nations have the flexibility to implement programs and deliver services that meet the priorities of their individual communities, simultaneously furthering the goals of the NCB aimed at preventing and reducing child poverty and making links to the labour market.

## First Nations and the NCB Reinvestment

Approximately 600 First Nations across the country participate in the NCB. Each plays a significant role in the implementation of the NCB as it administers the reinvestment component. Similar to provincial and territorial governments, First Nations that deliver social assistance have the flexibility to reinvest savings from adjustments made through social assistance into programs and services tailored to meet the needs and priorities of the individual community, while furthering the goals of the NCB.

Programs undertaken by First Nations vary from community to community and tend to cover a wider range of program areas than those of their provincial and territorial counterparts. The reason for this is two-fold: i) the NCB amounts available to First Nations vary according to the size and population of the community, and ii) First Nations tailor their reinvestments to meet the specific needs of their individual communities. First Nations living in the same province or territory may focus on different areas for reinvestment based on the situations within their communities, as long as the reinvestments relate back to the goals of the NCB.

The NCB reinvestment component aims to provide a sense of community ownership of the activities because each activity is designed by the community to specifically address its own diverse and unique needs. Community ownership is enhanced due to the greater impact that a specifically designed activity can have on a small population. For example, if a community aimed



to teach its young people about nutrition and the importance of a healthy breakfast, nutrition and school breakfast or lunch programs might be established through the NCB to meet this goal. In other instances, communities have initiated new programs with NCB funds that otherwise would not have been developed. These include community enrichment activities like raising awareness of cultural traditions, self-esteem programs, or recreational activities for children and youth.

NCB reinvestment programs for First Nations on reserve fall into five broad activity areas:

**Child/Day Care** – Development and enhancement of day care facilities and the provision of child care services which allow more families with low incomes to gain access to day care spaces, or to have their share of child care costs reduced. Child/day care reinvestments include enhancements to existing day care centres, increasing the number of day care spaces, and child care for children of parents on employment/training programs.

**Child Nutrition** – Improving the health and well-being of children by providing school meal programs as well as education to parents on family nutrition and meal preparation. Some examples include educational programs aimed at nutrition, food hampers, and meal programs (hot lunches, breakfasts and snacks) provided in school.

**Early Child Development** – Focused on early intervention for parents to help their children with a healthy start in life. Some examples include parenting skills programs and drop-in centres for parents.

**Employment Opportunities/Training Programs** – Directed at increasing the skill level of individuals with children and thereby increasing their chances of obtaining work. Examples include employment and skills development, youth summer work programs and personal development workshops.

TABLE 16

First Nations NCB Reinvestments since 1998

YEAR	TOTAL REINVESTMENT
1998-1999	\$30.3M
1999-2000	\$50.2M
2000-2001	\$54.3M*
2001-2002	\$59.5M*

\* Estimate.

TABLE 17

Families and Children Benefiting from NCB Reinvestments in 2000-2001

REGION	FAMILIES	CHILDREN
Yukon	165	253
British Columbia	17,046	28,907
Alberta	3,396	8,354
Saskatchewan	1,294	3,599
Manitoba	6,197	14,796
Ontario	11,091	20,742
Quebec	14,214	20,433
Atlantic	593	963
Total	53,996	98,047

**Community Enrichment** – In First Nations communities, reducing the depth of child poverty and creating an attachment to the workforce is intimately linked to increasing self-esteem and self-awareness, and fostering a sense of history and pride of the culture. This activity area addresses these intangible and qualitative elements by funding programs and services in the area of cultural teachings (art, music, or storytelling), recreational activities, peer support groups, or groups which

bring together community elders and children and youth. This activity area can also capture funding for parenting, family and community supports, such as life skills, financial management, clothing exchanges, or cultural celebrations.

Table 16 shows the total First Nations NCB reinvestment envelope since the program was implemented in 1998.

Although it is difficult to assess the number of children and families benefiting from the NCB, it is evident that a significant number of First Nations are involved in reinvestment activities. While the figures in Table 17 were submitted by First Nations, they represent only a benchmark from which the number of children and families benefiting from the NCB can be estimated. Given that, in some instances, First Nations combine resources with other programs such as Aboriginal Head Start or First Nations and Inuit Child Care, more children may be benefiting than are included in this table.

## Monitoring Progress – Evaluating the First Nations NCB

Monitoring progress of the NCB with First Nations is a two-pronged approach. First, the self-evaluation process involves ongoing regional workshops and an annual national workshop, which includes participants from the regional workshops. Participation is voluntary. Second, the *Interim Evaluation of the National Child Benefit for First Nations* is a cooperative process between First Nations and Indian and Northern Affairs Canada (INAC). The process began in 2001 and involved a sample of approximately 10 First Nation communities from across the country; results will be available in June 2002. The approach taken in the evaluation process emphasizes an ongoing working relationship between INAC and First Nations.

## Self-Evaluations

The NCB Self-Evaluation process has been established over the previous two years with regional workshops that included approximately 50 First Nations from across the country. Self-evaluations provide communities with the opportunity and skills to evaluate their NCB projects using their own success criteria, with an emphasis on qualitative *and* quantitative data. The benefit of self-evaluations is that they measure the impact of community policies and programs as judged by the community itself. They can also be used as an accountability tool within communities, and as a feedback mechanism into the policy process at INAC. The regional workshops provide an opportunity for First Nations to share information on best practices and challenges faced in the implementation of NCB and other projects.

## NCB National Self-Evaluation Workshop

The goal of the NCB National Self-Evaluation Workshop is to bring together participants from the regional workshops to improve the self-evaluation tool, share information between First Nations themselves and the federal government, build capacity for project evaluation, and improve data-reporting practices. The first NCB National Self-Evaluation Workshop was held in Wanuskewin, Saskatchewan in September 2000. As the self-evaluation process evolves, future events will be aimed at building capacity, sharing information between First Nations, and topics of mutual interest between the government and First Nations, such as program delivery, data collection and reporting.

## Interim Evaluation

The *Interim Evaluation of the National Child Benefit for First Nations*, to be released in summer 2002, aims to assess how well the NCB reinvestment component has been implemented in First Nations communities, the satisfaction with the initiative among

the main participants and the short-term outcomes. It involved the collection of data from a number of sources, including but not limited to site visits to eight First Nation communities in four regions, which included a dialogue circle in each community and interviews with Chiefs and Council Members; 28 key informant interviews; and two case studies of communities that exemplify best practices in data collection and reporting.

The evaluation highlights three key themes of the First Nations NCB reinvestment component: flexibility for First Nations in programming, First Nations ownership of the program, and the importance of reporting. It also contains several recommendations to improve the NCB reinvestment component for First Nations. Some of the key observations include:

- Key informants unanimously see the core NCB goals as relevant; everyone who was interviewed supported the first goal (to reduce and prevent the depth of child poverty).
- The fact that NCB reinvestments respond to regional and local needs is a valuable feature of this initiative. The variation that exists in delivery and program content is a positive sign that the initiative is being applied as intended.
- NCB reinvestment programs that link to other programs with similar objectives should be studied and promoted both within and across regions as examples of effective delivery.

- The evaluation found that priorities of low-income families and line staff focus on providing direct and immediate assistance and services to children and families, provided by the NCB reinvestment component.
- Overall, the report found that the First Nations NCB reinvestment component has been effectively implemented, and has made an important and valuable contribution to the well-being of children in First Nations communities.

The *Interim Evaluation of the National Child Benefit for First Nations* will be available on INAC's Website at the following link: [http://www.ainc-inac.gc.ca/pr/pub/ae/index\\_e.html](http://www.ainc-inac.gc.ca/pr/pub/ae/index_e.html)

## Next Steps

INAC will continue to work with its First Nation partners to ensure that the First Nations NCB reinvestment component continues to be successful. Next steps include:

- development of an action plan to address the recommendations contained within the *Interim Evaluation of the National Child Benefit for First Nations*;
- a First Nations NCB Summative Evaluation due in 2004; and
- INAC's continuing participation at the federal/provincial/territorial level with the NCB Working Group.

## 8. The Way Ahead

For the first time, the impacts of the NCB on reducing child poverty have been demonstrated. An estimated 1.2 million families with about 2.1 million children saw an increase in their income. For low-income families, they saw an average increase in their income of \$775. The low-income gap (additional amount of income low-income families would need to reach the low-income line) was reduced by approximately 6.5 percent and the number of low-income families with children was reduced by 2.4 percent, or approximately 16,500 families with 33,800 children.

In 1999, it is estimated that the Government of Canada, along with provincial and territorial governments, invested \$950 million in the income support component of the NCB initiative. Notably, the direct impacts cover only the period between January and December 1999 – approximately 18 months after the implementation of the NCB. As a result of further investments in 2000 and 2001, however, it is estimated that total government investments in the income component of the NCB will represent approximately twice that amount. Therefore, it is expected that the impacts may further increase for 2000 and 2001. These impacts, using the Survey of Labour and Income Dynamics, will continue to be reported upon in future NCB Progress Reports.

An evaluation of the NCB is currently underway. It focuses on the direct impact of the NCB on low-income families with children. The evaluation results will be the primary feature of the next NCB Progress Report.

While these results are encouraging, federal, provincial and territorial Ministers Responsible for Social Services realize that fighting child poverty will continue to require a sustained effort in the years to come. In its first three years, the NCB put in place the key components of a reformed child benefit system. This system has resulted in a stronger national platform of child benefits, along with additional benefits and services provided at the provincial, territorial and First Nations levels. As well, the 2000 federal budget ensured its sustainability by restoring full indexation to the personal income tax system.

The benefits and services that provinces, territories and First Nations provide under the NCB initiative are equally important components of this reformed system. These investments have been expanded since the NCB was established and have benefited from jurisdictions' shared knowledge and experiences. Federal, provincial and territorial cooperation is one of the great benefits of the NCB.

As the initiative moves forward, more results and impacts will become available. These will be the focus of future Progress Reports, demonstrating the commitment of governments to report to the public on NCB results.





# Appendix 1 – Glossary

**CCTB**, or Canada Child Tax Benefit, is a federal income support program for Canadian families with children that is delivered through the income tax system. The CCTB includes two components: a basic benefit, which provides federal income support to 80 percent of Canadian families with children; and the NCB Supplement, which provides additional support to low-income families.

**Depth of low income** is the additional amount of income a low-income family would need to reach a pre-determined line, such as Statistics Canada's Low-Income Cut-Offs (LICOs), or the Low-Income Measure (LIM).

**Disposable income** is the income that a family has left after it has paid personal income taxes and other tax-related contributions, such as Canada Pension Plan and Employment Insurance premiums.

**Earnings supplements** are payments from governments to families that top up work-related earnings. Earnings supplement programs are often targeted to low-income working families and sometimes pay different amounts, depending on the number of children in a family.

**Incidence of low income** is the proportion of families with children with annual income falling below a pre-determined line, such as Statistics Canada's LICOs, or the LIM.

**Indicators** in the context of this report are statistics that show how well Canadian families are faring. **General Outcome**

**Indicators** measure areas such as low income and labour force attachment and do not assume that any changes are necessarily caused by the NCB. **Direct Outcome Indicators**, on the other hand, measure only those changes that are directly caused by the NCB.

**National Child Benefit**, or NCB, is a joint federal, provincial and territorial government initiative designed to support low-income families with children. It includes increased federal income support plus provincial, territorial and First Nations reinvestments and additional investments in programs and services. The NCB began in July 1998.

**NCB investments** are funds in addition to reinvestment funds that some provinces, territories and First Nations are spending on NCB-related benefits and services for low-income families.

**NCB reinvestments** are funds that provinces, territories and First Nations have available for new or expanded benefits and services for low-income families as a result of new federal funding for the NCB Supplement, which replaces part of provincial/territorial social assistance payments to families with children. Some jurisdictions have restructured social assistance and pay child benefits outside of welfare through an integrated child benefit. They do not make adjustments to child benefits when the NCB Supplement increases. For these jurisdictions, reinvestment funds represent the amount of "fixed" savings to the jurisdiction since the introduction of the NCB, carried forward on an annual basis.

**NCB Supplement** is the federal contribution to the NCB – a monthly payment targeted to low-income families to help with the cost of raising children. It is a component of the CCTB.

**Social Assistance**, or SA, is a system of income support administered by provincial and territorial governments; it is commonly known as welfare.

**Working Income Supplement**, or WIS, was a federal program that preceded the NCB, providing income support to supplement the earnings of low-income working families. The WIS was replaced in July 1998 by the NCB Supplement. Some provinces and territories have reinvested NCB funds in their own versions of a WIS.

# Appendix 2 – Results of the SLID Analysis

TABLE 1

## Change in Families with Children Living in Low Income: January 1999 to December 1999

SLID 1999	ONE-PARENT FAMILIES	TWO-PARENT FAMILIES	ALL FAMILIES
<b>Pre-Tax LICOs</b>			
Decline in Number of Children Living in Low Income	10,200	23,000	33,800
Decline in Number of Families Living in Low Income	5,200	10,800	16,500
Percentage Change in Number of Families Living in Low Income	- 1.6%	- 3.2%	- 2.4%
Decline in Incidence of Low Income Among Families with Children*	0.7	0.3	0.4
<b>Post-Tax LICOs</b>			
Decline in Number of Children Living in Low Income	16,300	52,000	69,200
Decline in Number of Families Living in Low Income	7,500	20,700	28,500
Percentage Change in Number of Families Living in Low Income	- 2.9%	- 8.2%	- 5.4%
Decline in Incidence of Low Income Among Families with Children*	1.0	0.7	0.7
<b>Post-Tax LIM</b>			
Decline in Number of Children Living in Low Income	17,800	41,100	59,200
Decline in Number of Families Living in Low Income	8,100	17,300	25,800
Percentage Change in Number of Families Living in Low Income	- 3.0%	- 6.8%	- 4.8%
Decline in Incidence of Low Income Among Families with Children**	1.1	0.5	0.6

\*Decline in incidence of low income is expressed in percentage points.

Source: Statistics Canada special tabulation from the SLID 1999.

TABLE 2

### Change in the Depth of Low Income: January 1999 to December 1999

SLID 1999	ONE-PARENT FAMILIES	TWO-PARENT FAMILIES	ALL FAMILIES
<b>Pre-Tax LICOs</b>			
Decline in the Low-Income Gap (in millions of dollars)	\$160	\$235	\$400
Percentage Change in the Low-Income Gap	- 5.5%	- 7.5%	- 6.5%
<b>Post-Tax LICOs</b>			
Decline in the Low-Income Gap (in millions of dollars)	\$120	\$180	\$310
Percentage Change in the Low-Income Gap	- 7.7 %	- 10.1%	- 9.0%
<b>Post-Tax LIM</b>			
Decline in the Low-Income Gap (in millions of dollars)	\$130	\$180	\$320
Percentage Change in the Low-Income Gap	-8.2%	-10.4%	-9.3%

Source: Statistics Canada, SLID 1999.

As displayed in this Appendix, impacts vary with the specific low-income measure used. The impacts of the NCB on the number and incidence of families living in low income are greater using post-tax LICOs relative to pre-tax LICOs. Possible explanations include

the distribution of families around low-income lines. Further analytical work would need to be undertaken to understand the factors at play.

# Appendix 3 – Results from the SPSPD/M Exercise<sup>1</sup>

The Social Policy Simulation Development Model (SPSPD/M) is a micro-simulation model and database that provides more flexibility to account for such things as monthly variations in social assistance received. This flexibility is valuable in assessing the impact of the National Child Benefit (NCB) on a monthly basis. The exercise was facilitated by the one-time data sharing of social assistance caseload information<sup>2</sup>. The income data used in the SPSPD/M<sup>3</sup> are based on Statistics Canada's 1997 Survey of Consumer Finance.

As illustrated in Table 3, using pre-tax LICOs in 1999, the number of low-income families declined by about 4.1 percent due to the NCB. This decline resulted in approximately 25,000 families with children moving out of low income. Broken down by family type, the number of two-parent families would have been 4.6 percent higher and the number of one-parent families would have been 3.2 percent higher if the NCB had not been introduced. More specifically, this consists of a decline of about 18,000 two-parent families and 7,000 one-parent families.

Compared to the Survey of Labour and Income Dynamics (SLID) analysis, the SPSPD/M results show a smaller decline in the number of one-parent families leaving low income. Possible explanations include the difference in the definition of family composition between

the SLID and the SPSPD/M as well as adjustments to the SPSPD/M based on administrative data. In the instance of one-parent families, in 1999, the SPSPD/M reported 437,000 families. This number is considerably less than the 731,000 reported in the SLID.

The NCB has not only prevented families with children from living in low income, it has also increased the level of income of families with children that remained in low income. As Table 4 demonstrates, based on pre-tax LICOs, low-income families living in low income over the period of July 1999 to June 2000 saw an average increase in their income of \$775 due to the NCB. Broken down by family type, two-adult low-income families with children saw an average increase of \$955 in their income and one-adult low-income families with children saw an average increase of \$450 over the same period.

Overall, because of the introduction of the NCB, the low-income gap was reduced by a total of \$465 million over the period of July 1999 to June 2000. This reduction corresponds to a decline in the low-income gap of 7.6 percent. Taking into account family structure, the decline in the low-income gap for two-adult families was \$370 million, representing a decline of 8.6 per cent during that year. For one-adult families, this decline was \$95 million or 5.2 per cent during the same period.

<sup>1</sup> This analysis is based on Statistics Canada's Social Policy Simulation Database and Model. The assumptions and calculations underlying the simulation results were specified by Social Policy Directorate, HRDC and the responsibility for the use and interpretation of these data is entirely that of the author(s). The SPSPD/M exercise was conducted using the NCB Supplement benefit level over the July 1999 to June 2000 period. During that period, the maximum annual level of the NCB Supplement was \$785 for the first child, \$585 for the second child and \$510 for each additional child.

<sup>2</sup> Data were shared by the provinces of Alberta, Saskatchewan, Manitoba, Ontario and Newfoundland and Labrador.

<sup>3</sup> For the purpose of this exercise, SPSPD/M version 9.0 was used.



TABLE 3

### Change in Families with Children Living in Low Income: July 1999 to June 2000

SPSD/M	ONE-PARENT FAMILIES	TWO-PARENT FAMILIES	ALL FAMILIES
<b>Pre-Tax LICOs</b>			
Decline in Number of Families Living in Low Income	7,000	18,000	25,000
Percentage Change in Number of Families Living in Low Income	- 3.2%	- 4.6%	- 4.1%
Decline in Incidence of Low Income Among Families with Children*	1.6	0.5	0.7
<b>Post-Tax LICOs</b>			
Decline in Number of Families Living in Low Income	11,000	31,000	42,000
Percentage Change in Number of Families Living in Low Income	- 6.3%	- 9.7%	- 8.5%
Decline in Incidence of Low Income Among Families with Children*	2.4	0.9	1.1
<b>Post-Tax LIM</b>			
Decline in Number of Families Living in Low Income	6,000	22,000	28,000
Percentage Change in Number of Families Living in Low Income	-3.7%	- 8.4%	- 6.6%
Decline in Incidence of Low Income Among Families with Children*	1.3	0.6	0.7

\*Decline in incidence of low income is expressed in percentage points.

Source: HRDC, Social Policy Directorate staff analysis, based on Statistics Canada special tabulations from the SPSP/M.

As a result, the SPSP/M analysis using pre-tax LICOs, like the SLID analysis, finds that the NCB is helping to reduce the depth of low income. As indicated in Chapter 4, these findings corroborate the results based on the SLID database.

As shown in Table 4, the decline in the low-income gap can also be expressed on a per family basis, referred to as the decline in the average low-income gap. Based on this measure, the low-income gap or the additional amount needed, on average, by a low-income family to reach the pre-tax LICO decreased by

\$370 due to the NCB. The decline is lower than the average increase in income of low-income families of \$775, because it does not account for the 25,000 families who moved out of low income due to the NCB. The following example illustrates how differences between the two outcome indicators can emerge.

#### An Example of Average Low-Income Gap Versus Average Increase in Family Income

Suppose that without the NCB two families with children were living in low income and that the first family needed \$1,000 to reach its

TABLE 4

### Changes in the Depth of Low Income – Families with Children, July 1999 to June 2000

SPSD/M	ONE-PARENT FAMILIES	TWO-PARENT FAMILIES	ALL FAMILIES
<b>Pre-Tax LICOs</b>			
Decline in the Low-Income Gap (in millions of dollars)	\$95	\$370	\$465
Average Increase in the Income of Low-Income Families	\$450	\$955	\$775
Decline in the Average Low-Income Gap <sup>4</sup>	\$170	\$470	\$370
Percentage Change in the Low-Income Gap	- 5.2%	- 8.6%	- 7.6%
<b>Post-Tax LICOs</b>			
Decline in the Low-Income Gap (in millions of dollars)	\$75	\$300	\$375
Average Increase in the Income of Low-Income Families	\$450	\$940	\$765
Decline in the Average Low-Income Gap <sup>4</sup>	\$95	\$130	\$140
Percentage Change in the Low-Income Gap	- 7.7%	- 10.9%	- 10.0%
<b>Post-Tax LIM</b>			
Decline in the Low-Income Gap (in millions of dollars)	N/A	N/A	\$325
Average Increase in the Income of Low-Income Families	\$435	\$970	\$760
Decline in the Average Low-Income Gap <sup>4</sup>	\$270	\$305	\$ 335
Percentage Change in the Low-Income Gap	- 7.8%	- 10.9%	- 10.1%

Source: HRDC, Social Policy Directorate staff analysis, based on Statistics Canada special tabulations from the SPSPD/M.

low-income line and the second family needed \$250. The low-income gap of these two families would be \$1,250 (\$1,000 + \$250) and the average low-income gap would be \$625 (\$1,250 / 2 families). If, because of the NCB, both families had seen an increase in income of \$750, the first family would still need \$250 (\$1,000 - \$750) to reach its low-income line. While the second family would

move out of low income by \$500. As a result, with the NCB, the low-income gap would be \$250 and the average low-income gap would be \$250 (\$250 / 1 family). As this example illustrates, even though both families experienced an increase of \$750 in their income because of the NCB, the decline in the average low-income gap would be \$375 (\$625 - \$250).

<sup>4</sup> This decline is lower than the average increase in income of low-income families because it does account for families who moved out of low income due to the NCB (see example on previous page).



# Appendix 4 – Summary of an Expert Report on NCB Impact

This is a summary of an expert report prepared by the Centre for the Study of Living Standards (CSLS) for the National Child Benefit (NCB) Working Group. The report was to evaluate the impact of the income component of the NCB on low-income status of families with children in Canada in 1999 and estimate its projected impacts in 2004.

The simulation methodology developed for this study by the CSLS (with the support of Statistics Canada) is similar to the one discussed in Chapter 4. It is based on a comparison of a one-child benefit structure which includes the NCB and another hypothetical child benefit structure which ignores the implementation of the NCB as discussed in Chapter 4. In particular, it uses 1996 as a base year to fully isolate the impact of the income component of the NCB in 1999 and

projected impacts to 2004. The main differences from the methodology discussed in Chapter 4 are as follows:

- Simulations are based on the SPSPD/M without Statistics Canada's adjustments to social assistance data.
- Results for 1999 are based on the July 1999 NCB rules (i.e. child benefit program parameters) imposed on the 1997 population, real income, and tax/transfer system.
- Simulations include the impacts of the NCB in 2004, based on the 2004 NCB rules (i.e. child benefit program parameters) announced by Canadian jurisdictions to date. These 2004 NCB rules are imposed on the 1997 population, real income, and tax/transfer system.

TABLE 5

## Simulated Changes for All Low-Income Families with Children in 1999

	PRE-TAX LICOS	POST-TAX LICOS	POST-TAX LIM
Decline in Incidence of Low Income Among Families with Children*	-0.6%	-0.7%	-0.7%
Change in Low-Income Gap (in millions of dollars)	-370	-295	-200
Percentage Change in Low-Income Gap	-5.9%	-7.9%	-9.6%

\*Decline in incidence of low income is expressed in percentage points.

Source: Expert Report from the Centre for the Study of Living Standards to HRDC, March 2002. Publication forthcoming in 2002.

Note: Amounts reported by the CSLS were in 1997 dollars. For consistency, they were converted and are expressed in 1999 dollars using the all items Consumer Price Index.

Detailed results are to be released by the CSLS in the spring or summer of 2002. The simulations allow for the examination of changes in the level of income of families in a given year as a result of the NCB. However, these simulations ignore any effect the NCB may have had on families' labour market decisions, as a result of the improvement brought by the NCB in the way child benefits and services are provided to low-income families with children.

While the CSLS report provides detailed simulation results by family type, Table 5 is limited to some results for all families with children. These aggregated results show a decline in the proportion of all families living in low income and a reduction in the aggregated low-income gap for the three low-income measures used for 1999. These results corroborate the impact on low-income rates (incidence) and gaps (depth) discussed in Chapter 4, as they are of similar magnitude.

Due to the limitation of historical data to the year 1999, the CSLS has used the SPSP/M to simulate the impacts of the 2004 NCB cash component elements on low-income rates

and gaps. As shown in Table 6, the simulated impacts for all families with children in 2004 are greater than they were in 1999 (Table 5).

While the simulated impact on the proportion of families below the pre-tax LICOs shows a decline of 0.6 percentage points in 1999 (Table 5), this proportion declined by a projected 1.1 percentage points in 2004 simulations, as shown in Table 6. As a last example using the pre-tax LICOs measure, the low-income gap in 1999 was reduced by about \$370 million (Table 5), while this decline is projected to be \$660 million in 2004 simulations. Based on these measures, the proportion of families moving out of low income and the change in the low-income depth are projected to be 1.8 times larger in 2004 than they were in 1999.

The CSLS report notes that the improvement in the economic well-being of low-income families with children would be even larger if the impact of provincial in-kind programs under the NCB initiative was included and if more accurate information on the duration of social assistance spells was available in national surveys.

TABLE 6

Simulated Changes for All Low-Income Families with Children in 2004

	PRE-TAX LICOs	POST-TAX LICOs	POST-TAX LIM
Decline in Incidence of Low Income Among Families with Children*	-1.1%	-1.6%	-1.2%
Change in Low-Income Gap (in millions of dollars)	-660	-520	-355
Percentage Change in Low-Income Gap	-10.7%	-14.2%	-16.9%

\*Decline in incidence of low income is expressed in percentage points.  
Source: Expert Report from the Centre for the Study of Living Standards to HRDC, March 2002. Publication forthcoming in 2002.  
Note: Amounts reported by the CSLS were in 1997 dollars. For consistency, they were converted and are expressed in 1999 dollars using the all items Consumer Price Index.



# Appendix 5 — Provincial, Territorial and First Nations NCB Initiatives

This appendix provides information on the National Child Benefit (NCB) initiatives that jurisdictions<sup>5</sup> have undertaken. Some of these initiatives are new programs or services, while others are enhancements to existing programs. This appendix includes descriptions, actual expenditure data for 1999-2000 and 2000-2001, and estimated expenditures for 2001-2002.

NCB initiatives are funded from two sources: reinvestment funds and investment funds. Reinvestment funds result from adjustments to social assistance payments that have been made by provinces and territories. Some jurisdictions have restructured social assistance to implement income-tested child benefits delivered outside of welfare and make no adjustment to child benefits when the NCB Supplement increases. For these jurisdictions, reinvestment funds represent the amount of "fixed" savings to the jurisdiction since the introduction of the NCB, carried forward on an annual basis. Investment funds are additional funds that some jurisdictions have chosen to devote to the NCB, over and above the reinvestment amounts. The data presented in this appendix represents the total of reinvestment and, where applicable, investment funds.

## Sources of Reinvestment Funds

There have been three sources of reinvestment funds:

- social assistance/child benefit adjustments;
- Children's Special Allowance adjustments; and
- transitional assistance.

## Social Assistance/Child Benefit Adjustments

Adjustments have been made in several ways:

- The NCB Supplement may be treated as income, thereby reducing the amount of social assistance payable to a family. This occurs in Prince Edward Island, Nova Scotia (until July 2001), Ontario, Manitoba, Yukon, the Northwest Territories and Nunavut.
- Social assistance rates may be reduced by the amount of the NCB Supplement. This occurs in Alberta.
- Provinces that have removed children's benefits from social assistance and integrated their child benefit with the federal child benefit may reduce the provincial portion of the benefit by the amount of the NCB Supplement. This occurs in Saskatchewan and British Columbia<sup>6</sup>.

<sup>5</sup> The Government of Quebec has stated that it agrees with the basic principles of the NCB. Quebec chose not to participate in the NCB because it wanted to assume control over income support for children in Quebec; however, it has adopted a similar approach to the NCB. Throughout this report, references to joint federal/provincial/territorial positions do not include Quebec.

<sup>6</sup> British Columbia has passed on the amount of the increase attributable to indexation.

- Newfoundland and Labrador, and Nova Scotia have restructured their respective income support programs to provide children's benefits through a separate, income-tested child benefit. For these jurisdictions, reinvestment funds represent the amount of "fixed" savings to the jurisdiction since the introduction of the NCB, carried forward on an annual, ongoing basis. These reinvestment funds are used to finance NCB initiatives, including the establishment of the Newfoundland and Labrador Child Benefit and the enhancement of the Nova Scotia Child Benefit.

Several jurisdictions have chosen to pass on part or the full amount of NCB Supplement increases to families receiving social assistance, without adjusting social assistance benefits. In 1998-1999, New Brunswick, and Newfoundland and Labrador chose not to adjust social assistance payments by the full amount of the NCB Supplement. New Brunswick continued to pass on the full amount of the NCB Supplement through 1999-2000. Newfoundland and Labrador redesigned its income support program in 1999-2000, with the introduction of the Newfoundland and Labrador Child Benefit as the provincial reinvestment initiative. In 2000-2001 and 2001-2002, Newfoundland and Labrador, New Brunswick and Manitoba did not recover the NCB Supplement increase to families receiving social assistance. In 2001-2002, Manitoba

stopped recovering the NCB Supplement for children age six or under.

In all jurisdictions, no family receiving social assistance has experienced a reduction in its overall level of income support as a result of the introduction of the NCB.

## Children's Special Allowance Adjustments

The Children's Special Allowance is paid on behalf of children who are in the care of provincial/territorial child welfare authorities. It mirrors the maximum Canada Child Tax Benefit payments, including the NCB Supplement. Jurisdictions have the option of passing on the increased amount to child welfare authorities for child maintenance costs, or recovering the increase. Newfoundland and Labrador, Prince Edward Island, Nova Scotia, Manitoba, Saskatchewan and Alberta have chosen to recover the increased amount, and it is considered to be available for NCB initiatives.

## Transitional Assistance

Between July 1998 and June 1999, federal, provincial and territorial governments contributed equal amounts to ensure that no families that previously received the Working Income Supplement experienced a reduction in the overall benefits they received as a result of the introduction of the NCB Supplement.

## Newfoundland and Labrador

Newfoundland and Labrador did not adjust social assistance benefits upon the introduction of the NCB. However, the province wanted to participate in the NCB initiative, so it determined the amount of funds it could have reinvested had it considered the NCB Supplement to be non-exempt income, and invested an equivalent amount in programs for low-income families.

In 1999, the Province redesigned its social assistance program with the introduction of the Newfoundland and Labrador Child Benefit (NLCB). Basic benefits for children were removed from the social assistance program and paid through the new NLCB.

This restructuring resulted in all low-income families, including families in receipt of social assistance, receiving an increase in income as a result of the CCTB/NLCB. Since basic benefits for children are no longer included in the social assistance program, there will be no social assistance adjustments to correspond with future increases in the NCB Supplement.

Newfoundland and Labrador's initiatives include:

- **Newfoundland and Labrador Child Benefit** – This is a child benefit paid to low-income families jointly with the Canada Child Tax Benefit. Approximately 21,000 families with about 33,000 children receive this benefit. It is considered exempt income when calculating eligibility for social assistance benefits.

### NEWFOUNDLAND & LABRADOR'S NCB INITIATIVES

(\$000)	1999-2000 EXPENDITURES	2000-2001 EXPENDITURES	2001-2002 ESTIMATES
CHILD BENEFITS & EARNED INCOME SUPPLEMENTS			
Newfoundland and Labrador Child Benefit	6,426	8,100	7,500
CHILD/ DAY CARE			
Unlicensed child care	600	600	600
Family Home Child Care Agencies	479	237	650
Child Care Subsidy Program	1,538	1,887	2,650
Funding to Centres	—	255	350
Child Care Program Supports	463	450	475
School-based Infant Care	60	49	75
Early Childhood Education Certification	48	73	100
Child Care Service Consultants	266	300	300
SUPPLEMENTARY HEALTH BENEFITS			
Extended Drug Card Program	300	407	1,000
EARLY CHILDHOOD/ CHILDREN-AT RISK SERVICES			
Family Resource Centres	949	1,200	1,150
Post-Secondary Education and Training	336	161	161
Community Youth Networks	708	1,817	1,817
Residential/Mental Health	964	964	964
OTHER			
Administration	88	169	169
<b>TOTAL</b>	<b>13,225</b>	<b>16,669</b>	<b>17,961</b>

- **Extended Drug Card** – This initiative extends health care benefits to families for six months after they leave social assistance for employment. Approximately 600 families have this benefit each month.
- **Unlicensed Child Care** – This initiative provides financial support to families in receipt of social assistance requiring child care that do not have access to licensed child care in their community. Eligible families include those that require child care because of employment or post-secondary pursuits.
- **Family Resource Centres** – These programs provide drop-in supportive services and learning activities for young children and their families, with the goal of improving child development, supporting adults in care giving, and increasing community partnerships.
- **School-based Infant Care** – This initiative supports group infant care in high schools for students who require on-site care to continue in school. High school parents are encouraged to spend breaks and free time interacting with their baby and gaining parenting skills.
- **Child Care Subsidy** – NCB funding enhances the child care subsidy program for low-income families. The program has expanded its mandate to include children under two years of age and children cared for in licensed/regulated family home child care.
- **Child Care Program Supports** – This includes support for transportation to attend licensed child care, home-based support for young children with autism, and increased support for children with other disabilities who require special assistance to attend child care.
- **Funding to Centres** – This NCB initiative involves grants to licensed child care centres to upgrade facilities to meet the new requirements and to purchase new equipment.
- **Child Care Service Consultants** – This initiative supports the establishment/maintenance of six new early childhood consultant positions located across the province. This adds to the licensing and program expertise available in the province.
- **Early Childhood Education Certification** – This funding supports distance education for child care workers and registration and orientation courses for early childhood educators.
- **Community Youth Network** – Nine community-based facilities have been established to provide services and support for young persons aged 12 to 18 in learning, employment, community building and services. The projects are run by community coalitions (including youth participation) – a design intended to build partnerships and support young people.
- **Residential/Mental Health Services** – Funding is provided to regional Health and Community Services Boards to support youth aged 12 to 18 through residential services and mental health services for youth. The latter is often in the form of preventive and community-based counselling services.
- **Post-Secondary Education and Training** – Funding supports young persons in care who require assistance to attend post-secondary education. This support covers education and living expenses.



## Prince Edward Island

The NCB in Prince Edward Island has a dual focus: to support parents to join and remain in the labour market, and to enhance early childhood services. The province has put in place a number of reinvestment initiatives that serve both purposes.

Prince Edward Island's initiatives include:

- **PEI Child Care Benefit** – This is an enhancement to the province's Child Care Subsidy Program. This initiative has provided increased access and financial support for licensed child care for up to 1,100 Island children.
- **PEI Family Health Benefit** – This program helps lower-income families with the cost of prescription drugs. Approximately 1,200 parents and children are enrolled for coverage in this program.
- **Children's Mental Health** – NCB funding allowed the establishment of a new initiative in 2000-2001: a multidisciplinary children's mental health clinical team. This team provides an improved response to Island families that have children with complex mental health problems. Approximately 500 children per year receive assistance.
- **Looking After Children** – NCB funds have been key to implementing this project, which delivers services to children in public care. The project has included the development of research-based policies, training for care providers, materials and review processes. Advances in programming benefit the more than 200 children who are in care at any given time.
- **Other Children in Care Initiatives** – NCB funds have been used to support the delivery of children in care services to more than 200 children in Prince Edward Island.

### PRINCE EDWARD ISLAND'S NCB INITIATIVES

(\$000)	1999-2000 EXPENDITURES	2000-2001 EXPENDITURES	2001-2002 ESTIMATES
CHILD/ DAY CARE			
PEI Child Care Benefit	850	900	600
SUPPLEMENTARY HEALTH BENEFITS			
PEI Family Health Benefit	50	60	150
EARLY CHILDHOOD/ CHILDREN-AT RISK SERVICES			
Early Childhood Interventions*	150	352	—
Looking After Children	50	50	50
Children-in-Care Initiatives	—	88	150
Children's Mental Health	—	50	250
Healthy Child Allowance	—	—	700
OTHER			
Employment Enhancement/Job Creation	200	200	200
Literacy/Adult Basic Education	100	100	100
<b>TOTAL</b>	<b>1,400</b>	<b>1,800</b>	<b>2,200</b>

\* formerly Special Needs Grants.



- **Early Childhood Intervention** – The Healthy Child Development Strategy, implemented across Prince Edward Island, recognizes the importance of early intervention in the development of children. Services include pre-school intervention to children with autism, speech therapy innovation, and other related programs and services. Approximately 1,000 children benefit from this initiative.
- **Healthy Child Allowance** – This is a social assistance benefit that is payable to families with children under the age of 18 to provide for participation in sport, recreation and/or cultural activities. The benefit amount of \$38 per month is provided to 1,350 households. It is estimated that 2,500 children benefit from this allowance.
- **Employment Enhancement and Job Creation Programs** – The NCB contribution has enabled approximately 140 parents on social assistance to upgrade their job skills and obtain employment.
- **Literacy/Adult Basic Education Program** – One of the stepping stones to independence is literacy. This program, delivered by the PEI Institute of Adult and Community Education, has helped make adult literacy education available at the community level. NCB funds help up to 125 parents on social assistance to take advantage of this program each year.

## Nova Scotia

Consistent with this joint initiative of the federal, provincial and territorial governments, the Government of Nova Scotia offers special programs and services to help low-income families with children.

The Nova Scotia government has expanded and strengthened programs and services in child care, prevention and early intervention through the Healthy Child Development Initiatives, which are designed to give children a better start in life and to build a better future for children and our society. The Healthy Child Development Initiative Steering Committee consulted with community stakeholders in 1998.

In the fall of 2000, the Nova Scotia government introduced new legislation restructuring social assistance programs. The new system provided an opportunity to restructure children's benefits in Nova Scotia. Beginning in July 2001, provincial income support for low-income families with children through the social assistance system was replaced by integrating the

NCB Supplement and the Nova Scotia Child Benefit. The integrated child benefits provide an estimated \$97 million in direct support to 60,000 Nova Scotia children.

Transition for families on social assistance to employment is easier because social assistance recipients do not lose their children's benefits when they leave social assistance. Recoveries from social assistance are no longer made.

Nova Scotia's initiatives include:

- **Nova Scotia Child Benefit** – Introduced in July 1998, the benefit provides income support to low-income families with children. The Nova Scotia Child Benefit is delivered as a combined payment with the Canada Child Tax Benefit. In 1999-2000, Nova Scotia Child Benefit payments per child increased, and eligible income levels were raised. In July 2001, as part of Nova Scotia's redesign of its social assistance system, children's benefits were removed from social assistance. The Nova Scotia Child Benefit was enhanced and now provides a maximum annual benefit of \$445 for the

### NOVA SCOTIA'S NCB INITIATIVES

(\$000)	1999-2000 EXPENDITURES	2000-2001 EXPENDITURES	2001-2002 ESTIMATES
CHILD BENEFITS & EARNED INCOME SUPPLEMENTS Nova Scotia Child Benefit	15,295	19,380	30,458
CHILD/ DAY CARE Centre-based and Family Child Care	990	1,319	1,320
EARLY CHILDHOOD/ CHILDREN-AT RISK SERVICES Early Intervention Programs	255	515	515
Community-based Prevention Programs	368	287	940
<b>TOTAL</b>	<b>16,908</b>	<b>21,501</b>	<b>33,233</b>
UNSPENT REINVESTMENT FUNDS	2,520	629	

first child, \$645 for the second child and \$720 for the third child. When combined with the NCB Supplement, the maximum annual benefit is \$1,700 per child in the 2001-2002 benefit year.

- **Centre-based and Family Child Care** – This initiative was expanded by increasing the number of subsidized spaces and providing for portable spaces across the province for children with special needs. Two hundred and thirty new subsidized spaces have been funded since 1998, including 30 spaces for children with special needs. It also provides subsidies to offset the cost of licensed child care supports to parents who need child care while they work or attend school.
- **Early Intervention Programs** – These programs have been enhanced to provide services for pre-school children with special needs. The goal of early intervention is to help pre-school aged children with developmental disabilities to reach

their potential. Additional operating grants have been made to existing centres and new programs have been initiated to ensure that all families with children with special needs throughout the province have access to this service. Early interventionists work directly with children and their families in their homes and other environments to ensure that developmental progress is made in inclusive settings. There are 16 early intervention programs serving children.

- **Community-based Prevention Programs** – These programs will continue to be funded through recovery of the Children's Special Allowance. Community-based prevention programs build on existing programs to enhance prevention efforts across the province. Prevention programs are specifically designed to support low-income families.

## New Brunswick

In 1998-1999, New Brunswick passed on the full value of the federal NCB Supplement to families on social assistance and has continued to pass on any increases to the NCB Supplement. In addition, starting in August 1998, the province made investments under the NCB initiative through increased funding for child care initiatives and the creation of the Alternative Child Care Program. The Alternative Child Care Program provides a day care subsidy to families that are not eligible for basic financial assistance and do not have reasonable access to licensed child care facilities.

New Brunswick continued to make new NCB investments in 1999-2000 and in 2000-2001, including expanding day care assistance, early childhood initiatives and children-at-risk services. In 2001-2002, further increases were made to the breastfeeding and breakfast programs.

New Brunswick's initiatives include:

- **Provincial Breastfeeding Strategy** – This initiative supports the promotion, protection and support of breastfeeding.
- **Healthy Minds Nutritional Partnership** – The pilot program (Healthy Minds Breakfast Pilot Program) addressed the nutritional needs of elementary school students by providing basic breakfast items. Approximately 2,150 children benefited from the pilot. The program was significantly expanded in 2000-2001. Renamed the Healthy Minds Nutritional Partnership, the program benefited as many as 7,276 students across the province in 2000-2001.
- **Day Care Assistance Program** – This initiative makes available an increased number of subsidized day care spaces.
- **Youth Addictions** – Enhanced funding provided increased education, prevention and chemical dependency treatment for approximately 794 children and youth aged 12 to 19 in 2000-2001.

### NEW BRUNSWICK'S NCB INITIATIVES

(\$000)	1999-2000 EXPENDITURES	2000-2001 EXPENDITURES	2001-2002 ESTIMATES
<b>CHILD/ DAY CARE</b>			
Day Care Assistance Program	898	2,668	2,668
Alternative Child Care Program	271	600	600
<b>EARLY CHILDHOOD/ CHILDREN-AT RISK SERVICES</b>			
Breastfeeding Strategy	40	130	210
Healthy Minds Nutritional Partnership	303	607	902
Youth Addictions	743	1,405	1,405
Positive Learning Environment	3,000	3,000	3,000
<b>TOTAL</b>	<b>5,255</b>	<b>8,410</b>	<b>8,785</b>

- **Positive Learning Environment** – New funding was provided to address the unmet needs of children by identifying best practices for discipline in the school system when a positive environment alone is not enough. It includes setting limits for behaviour and identifying the responsibilities of all partners in the school system.

In addition to these NCB investments, New Brunswick has allocated an additional \$11.5 million each year for child and youth programming and invested approximately \$19 million annually in the New Brunswick Child Tax Benefit and the New Brunswick Working Income Supplement for low-income families with children.



## Ontario

In Ontario, the provincial government and municipalities have made significant investments in NCB initiatives. Since social assistance is cost-shared between the province and municipalities, each has a role to play in Ontario's reinvestment strategy.

Total NCB reinvestment funds for 2001-2002 are estimated at approximately \$194 million. The provincial share of these funds is estimated at \$155 million and the municipal share is estimated at \$39 million.

The main provincial reinvestment program is the Ontario Child Care Supplement for Working Families (OCCS). In 2001-2002, funding from the NCB and additional investments for the OCCS will total \$215 million (including \$40 million carried forward from the former Ontario Child Care Tax Credit). In 2001-2002, the province will also invest \$40 million in the 4 Point Plan for Children's Mental Health and Children's Treatment Centres to help vulnerable children and their families.

Ontario's initiatives include:

- **Ontario Child Care Supplement for Working Families** – This program, created in 1998, provides low- to moderate-income working families with a benefit for each child under age seven. Families are eligible for the supplement if they have employment earnings exceeding \$5,000 for the year, regardless of whether they have child care expenses. It is also available to families where parents are attending school or training programs and have qualifying child care expenses. The benefit is reduced by 8 percent of family income in excess of \$20,000.

In 1998-1999, the OCCS provided support to more than 200,000 families with 325,000 children. In 1999, the province enriched the supplement to a maximum annual benefit of \$1,100 (up from \$1,020) for each child under the age of seven. During 1999-2000, approximately 226,000 families with 365,000 children received benefits. In 2000-2001, Ontario introduced an additional benefit for single parents providing

### ONTARIO'S NCB INITIATIVES

(5000)	1999-2000 EXPENDITURES	2000-2001 EXPENDITURES	2001-2002 ESTIMATES
CHILD/ DAY CARE Ontario Child Care Supplement for Working Families*	153,782	157,544	175,000
EARLY CHILDHOOD/CHILDREN-AT-RISK SERVICES 4 Point Plan on Children's Mental Health	—	15,000	20,000
Children's Treatment Centres	—	—	20,000
OTHER Municipal reinvestments	30,202	33,335	38,763
<b>TOTAL</b>	<b>183,984</b>	<b>205,879</b>	<b>253,763</b>

\* Figures exclude an additional \$40 million previously committed to the former Ontario Child Care Tax Credit, bringing the totals to \$194 million in 1999-2000, \$197 million in 2000-2001 and an estimated \$215 million in 2001-2002.

qualifying families with a maximum annual benefit of \$1,310 for each child under the age of seven. Funding for the single-parent supplement represents additional provincial investment in low-income children.

- **4 Point Plan for Children's Mental Health –**

The province is providing \$20 million in 2001-2002 to address critical service areas in children's mental health. The plan supports intensive child and family services, mobile crisis services, telepsychiatry, and common intake and assessment tools.

- **Children's Treatment Centres –** The province has allocated \$20 million in funding to support the development of innovative approaches to meeting the needs of children with special needs.

- **Municipal Reinvestment Strategies –** Ontario municipalities are implementing their own initiatives as part of Ontario's overall reinvestment strategy. These

strategies, designed to meet local needs and priorities, include examples such as early intervention, child care, employment supports and prevention programs. The second annual report on municipal reinvestment strategies was issued by Ontario in March 2001. This report can be obtained from the Ontario Ministry of Community, Family and Children's Services Website at [www.gov.on.ca/CSS](http://www.gov.on.ca/CSS). The next Ontario municipal report will likely be released in the spring of 2002.

For additional information on the Ontario Child Care Supplement for Working Families, visit [www.rev.gov.on.ca/images/irie\\_occs-guide.pdf](http://www.rev.gov.on.ca/images/irie_occs-guide.pdf).

For further information about the programs for children and families provided by the Ministry of Community, Family and Children's Services, visit [www.gov.on.ca/CSS](http://www.gov.on.ca/CSS).

## Manitoba<sup>7</sup>

Manitoba has continued to build upon programs and services which help reduce and prevent child and family poverty, promote labour market attachment and foster early childhood development.

- **Child Day Care** – Since April 2000, funding for Manitoba's child care program has increased by over 27 percent, improving salaries for early childhood educators and

providing additional subsidies for children. Increased funding has also been provided to integrate more children with disabilities into the child care system, and to expand the number of licensed child care spaces.

- **Children's Special Services** – Community-based services are provided to an increased number of families who support children with a mental and/or physical disability in their own homes.

### MANITOBA'S NCB INITIATIVES

(5000)	1999-2000 EXPENDITURES	2000-2001 EXPENDITURES	2001-2002 ESTIMATES <sup>1</sup>
CHILD/ DAY CARE Child Day Care <sup>2</sup>	4,282	8,018	6,484
EARLY CHILDHOOD / CHILDREN-AT-RISK SERVICES			
Children's Special Services <sup>2</sup>	1,000	921	437
Healthy Child Manitoba:			
• Healthy Baby	2,346	3,167	4,103
• Adolescent Pregnancy Prevention Strategy	425	334	358
• Baby First	2,447	3,041	4,290
• Early Start	902	894	1,042
• Parent Support Project	138	135	122
• Parent-Child Centred Approach	0	781	1,350
• STOP FAS	408	508	585
• Special Needs Programs for Children in Schools	241	670	836
• Healthy Schools	0	155	437
• Other Programs	181	145	658
• Education, Training and Youth - ECDI	0	0	500
Early Literacy	4,700	5,700	5,700
OTHER			
Workforce Attachment	2,358	2,450	2,911
Building Independence/Social Assistance <sup>2</sup>	0	3,749	5,299
<b>TOTAL</b>	<b>19,428</b>	<b>30,668</b>	<b>35,112</b>

1 Funding for these programs includes remaining NCB Supplement recoveries, federal Early Childhood Development transfer (\$11.1 million) and provincial revenue.

2 The amounts indicated for Child Day Care, Children's Special Services and Social Assistance represent new incremental funding amounts only and do not include base funding in place prior to the introduction of the NCB.

<sup>7</sup> Effective July 2000, Manitoba discontinued recovering increases to the NCB Supplement for all families receiving income assistance. Effective July 2001, Manitoba stopped recovering the NCB Supplement for children age six and under.

- **Healthy Baby** – The Manitoba Prenatal Benefit assists income-eligible pregnant women to meet their extra nutritional needs during pregnancy. Pregnant women and new mothers also have access to expanded community support programs.
- **Adolescent Pregnancy Prevention Strategy** – This strategy aims to reduce the number of adolescents who become pregnant before completing high school.
- **BabyFirst** – BabyFirst provides a three-year home visiting program for newborns and their families based on universal screening and is delivered through the community health system.
- **Early Start** – To enhance children's readiness to learn prior to school entry, Early Start provides a three-year home visiting program for families with children who have special social needs and are currently attending licensed child care.
- **Parent Support Project** – This project is a two-stage initiative aimed at providing support and assistance to "at-risk" adolescent mothers.
- **Parent-Child Centred Approach** – This approach brings resources together through community coalitions across the Province which support parenting, improve children's nutrition and literacy and build capacity for helping families in their own communities. Each parent-child centred coalition determines the unique form that activities will take based on the needs of the community.
- **STOP FAS** – STOP FAS is a three-year mentoring program for women at risk of having a child with fetal alcohol syndrome or fetal alcohol effects (FAS/FAE). Following from the success of two Winnipeg sites, STOP FAS was expanded to Thompson and The Pas in northern Manitoba.
- **Special Needs Programs for Children in Schools** – These programs provide funding for the development and operation of school-based interventions for students with severe and profound behavioural and emotional disorders.
- **Healthy Schools** – This is an initiative to link the health and education communities to promote healthy children and healthy schools.
- **Other Programs** – Consistent with the Healthy Child Framework, community-based organizations provide programming for at-risk mothers and children.
- **Education, Training and Youth Early Childhood Development Initiative (ECDI)** – ECDI assists school divisions and districts in their efforts to provide intersectoral services for pre-schoolers (birth to school age). ECDI, in partnership with Healthy Child Manitoba, is designed to facilitate pre-schoolers' readiness to learn prior to school entry.
- **Early Literacy** – This grant program supports efforts to accelerate the literacy development of the lowest achieving students in Grade 1.
- **Workforce Attachment** – New initiatives provide low-income parents with training and employment services to help them obtain and maintain employment.
- **Building Independence/Social Assistance** – Manitoba has increased supports for parents to enter or re-enter the labour market, has improved benefits for families receiving income assistance and has increased allowances for school supplies. Job centre supports and work incentives have been enhanced, and supports to help citizens become independent have been improved.

## Federal/Provincial/Territorial Early Childhood Development Initiative

The Government of Manitoba is committed to supporting early childhood development – as demonstrated by new and expanded early years programming. Since April 2000, Manitoba has increased investments in early childhood development by approximately \$29 million (included in the above columns for 2000-2001 and 2001-2002). Through a partnership with regional early years

teams and parent-child centred coalitions, a continuum of services to support Manitoba children and families is being developed. The Province of Manitoba is pleased to acknowledge its partnership with the Government of Canada in supporting Early Childhood Development (ECD) initiatives. Of the \$29 million incremental investment for ECD in Manitoba since April 2000, Canada contributed \$11.1 million in 2001-2002.



## Saskatchewan

NCB reinvestment funds, along with additional provincial investments, have been used by Saskatchewan to develop supports that help families move from welfare into work, and help prevent working families from falling onto social assistance. Saskatchewan's NCB reinvestment strategy is part of a broader strategic plan to develop mainstream supports that improve social and economic opportunities for people who are in marginalized or disadvantaged circumstances.

Saskatchewan's initiatives include:

- **Saskatchewan Child Benefit** – This payment to low-income parents is designed to help with the costs of raising a child. Together with the NCB Supplement, the program replaces social assistance for children,

and provides child benefits to low-income families, whether parents are on social assistance or employed. Paying child benefits outside of social assistance makes it easier for parents to move to or remain in the labour market. The Saskatchewan Child Benefit is delivered as an integrated payment with the Canada Child Tax Benefit to reduce duplication and simplify administration. Over time, federal increases to the NCB Supplement will have the effect of reducing the number of families receiving the Saskatchewan Child Benefit.

- **Saskatchewan Employment Supplement** – This benefit is paid to low-income parents who are employed or receive maintenance payments. The supplement supports employment by offsetting child-related costs that a parent may incur through

### SASKATCHEWAN'S NCB INITIATIVES

(\$000)	1999-2000 EXPENDITURES	2000-2001 EXPENDITURES	2001-2002 ESTIMATES
CHILD BENEFITS & EARNED INCOME SUPPLEMENTS			
Saskatchewan Child Benefit	17,020	20,090	18,990
Saskatchewan Employment Supplement	2,760	4,950	10,030
SUPPLEMENTARY HEALTH BENEFITS			
Family Health Benefits	2,430	3,910	5,750
OTHER			
Community Schools Program	—	—	3,230
<b>TOTAL REINVESTMENT FUNDS*</b>	<b>22,210</b>	<b>28,950</b>	<b>38,000</b>
ADDITIONAL PROVINCIAL REINVESTMENT**	22,870	6,840	2,950
<b>TOTAL REINVESTMENT AND INVESTMENT FUNDS</b>	<b>45,080</b>	<b>35,790</b>	<b>40,950</b>

\* Includes provincial revenue accrued from the increase in the Children's Special Allowance that Canada provides for children in care of the province. The 1999-2000 amount also includes the federal contribution to transitional adjustments for the Working Income Supplement. Reinvestment funding made available from these sources totalled \$1.51 million in 1999-2000, \$1.9 million in 2000-2001 and an estimated \$2.4 million in 2001-2002.

\*\* In addition to reinvestment funds, the province invested incremental funds up front to bring the benefits of a mature NCB to Saskatchewan families right away. This additional investment allowed the removal of children's basic benefits from the provincial social assistance program, and the extension of child benefits to low-income working families. As intended, the province's initial over-investment has gradually reduced over time, as subsequent federal increases have been made to the NCB Supplement.

working. It also improves incentives to collect maintenance payments by increasing the net value of the payment to the family. In 2001, maximum benefit levels were increased, and an additional benefit was provided to help offset child care costs for low-income working families with children under 13 years of age.

- **Family Health Benefits** – This program provides extended health benefits to low-income families with children. A full range of benefits is provided for children and partial benefits for adults. With this program, low-income families are assured of retaining health benefits as they leave social assistance for employment opportunities.

- **Community Schools Program** – This program provides a comprehensive and holistic range of supports and services to meet the needs of students, their families and their community in an environment that is culturally affirming. Community schools use community development processes to engage and empower families and communities. Located in low-income areas, community schools attempt to address the barriers to success in school and in life, by drawing parents and community resources such as social workers, nutrition workers and family literacy support into the schools.

The following table indicates the average number of children per month benefiting from NCB initiatives in Saskatchewan.

### Children Benefiting from Saskatchewan's NCB Initiatives

	1999-2000 ACTUAL	2000-2001 ACTUAL	2001-2002 ESTIMATE
CHILD BENEFITS & EARNED INCOME SUPPLEMENTS			
Saskatchewan Child Benefit*	75,300	67,820	57,800
Saskatchewan Employment Supplement	11,540	12,750	14,500
SUPPLEMENTARY HEALTH BENEFITS			
Family Health Benefits	41,990	39,400	38,930
OTHER			
Community Schools Program	—	—	17,000

- \* Benefits for an additional 20,200 children on reserve are paid by the federal Department of Indian Affairs and Northern Development.

Note: Many families receive benefits under more than one program.

## Alberta

Alberta's NCB initiatives complement existing government programs and services for low-income families with children. The province devotes reinvestment funds to the Alberta Child Health Benefit, child care subsidies, shelter supplement, school allowance benefits and earnings exemptions for families on social assistance, transitional funds for youth leaving child welfare programs, and prevention and early intervention strategies such as the Protection of Children Involved in Prostitution initiative.

Alberta's initiatives include:

- **Alberta Child Health Benefit** – This initiative addresses a significant barrier faced by low-income parents on assistance who are

moving into the labour market. The benefit provides premium-free prescription drugs, optical and dental services, emergency ambulance transportation and essential diabetic supplies to children in low-income families.

- **Day Care Subsidy** – The province's day care subsidy program helps working parents remain in the labour market. In 2000-2001, Alberta allocated additional NCB reinvestment funds to raise the net income qualification levels for the child care subsidy, thereby assisting 12,000 children.
- **Shelter Supplement** – NCB reinvestment funding has been used to increase shelter benefits for families receiving social assistance.

### ALBERTA'S NCB INITIATIVES

(\$000)	1999-2000 EXPENDITURES	2000-2001 EXPENDITURES	2001-2002 ESTIMATES
CHILD/DAY CARE			
Day Care Subsidy	6,200	6,300	6,300
SUPPLEMENTARY HEALTH BENEFITS			
Alberta Child Health Benefit*	10,600	17,300	18,000
EARLY CHILDHOOD/CHILDREN-AT-RISK SERVICES			
Child Prostitution Initiative	600	600	600
OTHER			
Shelter Supplement	4,600	5,735	5,116
School Allowance Benefit	—	1,250	1,250
Earnings Exemption Increase	—	—	4,000
Transitional Support for Youth Leaving Child Welfare	—	937	1,250
<b>TOTAL</b>	<b>22,000</b>	<b>32,122</b>	<b>36,516**</b>
UNSPENT REINVESTMENT FUNDS***	3,300	1,527	

\* Alberta Child Health Benefit expenditures do not include benefits paid for children of upgrading students. The funding for this comes from reducing student assistance to offset part of the NCB Supplement received by students with children.

\*\* Estimated expenditures exceed estimated available reinvestment funds. Provincial funds will be used to compensate for shortfalls, if applicable.

\*\*\* Unspent reinvestment funds are carried forward to subsequent fiscal years and devoted to NCB initiatives then.

- **Protection of Children Involved in Prostitution** – This initiative is designed to keep children safe and support families. In 2001, youth were also provided with access to services such as drug and alcohol counselling, medical supports, counselling and psychological services, and educational and life skills support.
- **School Allowance Benefit** – NCB reinvestment funding is also used to provide school allowances for children whose parents receive assistance. The allowances offset registration fees, school and gym supplies, and other education-related costs. In 2000-2001, 23,000 school-aged children benefited from the \$1.25 million allocated to this program.
- **Earnings Exemption** – Starting in December 2001, NCB reinvestment funding was allocated to increase the earnings exemption for families receiving social assistance. Single parents and families with two working parents on Supports for Independence (SFI) can now earn up to \$230 per month before their SFI payment is reduced, doubling the previous employment earnings exemption. A new Employment Maintenance Benefit of \$120 per year for parents with a part-time or full-time job will encourage parents to move toward independence.
- **Transitional Support for Youth Leaving Child Welfare** – Beginning in 2000-2001, Alberta reinvested in supports for youth making the transition from the Child Welfare program to independent living, including supported independent living, mentoring, and incentives and supports to pursue education or training. Approximately 1,350 youths benefited from this program.



## British Columbia

British Columbia's NCB reinvestments are devoted to a range of programs benefiting low-income families with children. The province's commitment to this type of initiative began two years before the NCB was established, with the implementation of the BC Family Bonus.

British Columbia's initiatives include:

- **BC Family Bonus Increase** – The BC Family Bonus (BCFB) is a tax-free monthly benefit to low-income families with children. Benefits are combined with the Canada Child Tax Benefit (CCTB) into a single monthly payment. The BCFB was increased by \$2 per child per month in 1999-2000

and another \$6 in 2001-2002, to a maximum of \$111 per child per month.

- **BC Earned Income Benefit** – This program makes it more attractive for those on welfare to seek work and remain employed. Like the BCFB, it is a tax-free monthly payment that is combined with the CCTB into a single monthly payment.
- **Supported Child Care** – Special Needs – This initiative makes sure children who need extra support are able to participate in "typical" community child care settings. In addition, a space-fee subsidy of up to \$107 per month is available.
- **Foster Care 2000** – Foster Care 2000 provides for continuing improvements to training and support for foster parents.

### BRITISH COLUMBIA'S NCB INITIATIVES

(\$000)	1999-2000 EXPENDITURES	2000-2001 EXPENDITURES	2001-2002 ESTIMATES
<b>CHILD BENEFITS &amp; EARNED INCOME SUPPLEMENTS</b>			
BC Earned Income Benefit	66,000	69,784	68,378
BC Family Bonus Increase	7,500	10,000	43,000
Family Earnings Exemption	11,850	17,936	18,212
<b>CHILD/DAY CARE</b>			
Supported Child Care	3,000	1,000	3,800
Before and After School Care	—	14,000	23,550
Child Care volume increase	—	1,350	—
<b>EARLY CHILDHOOD/CHILDREN-AT-RISK SERVICES</b>			
Building Blocks	2,670	—	—
Foster Care 2000	1,000	1,000	2,160
Youth Initiatives	5,830	5,830	12,480
Family Support Programs	10,950	28,400	30,190
Alcohol and Drug Strategy for Youth	3,150	6,450	6,580
Aboriginal Strategy	3,000	4,700	12,300
School-based Programs	—	1,500	1,500
<b>OTHER</b>			
Youth Community Action	500	500	1,000
Education Support for Families	4,800	6,400	6,400
Social Housing	—	6,400	8,700
Safe Schools	1,000	1,000	1,000
<b>TOTAL</b>	<b>121,250</b>	<b>176,250</b>	<b>239,250</b>



- **Youth Initiatives** – These programs are targeted to youth-at-risk. They include safe housing for sexually exploited youth and Youth Agreements, which provide financial, residential, educational and other support services to assist street youth, sexually exploited youth and other homeless youth in making a transition to adulthood and financial/social independence.
- **Family Support Programs** – These programs are intended to enhance family functioning, preserve family integrity and offer child development and parenting skills assistance to families.
- **Alcohol and Drug Strategy (Youth Component)** – This initiative has included funding for new youth detox beds, youth residential services beds, intensive day treatment programming, family and youth counsellors and strategies to address Fetal Alcohol Syndrome.
- **Aboriginal Strategy** – Funding is devoted to developing administrative and service structures and training staff who will develop and deliver services for children and families.
- **School-based Programs** – Funding is provided for community schools programs, inner city schools, school meals programs and other school-based programs. The NCB funding is an incremental increase in funding for these existing activities.
- **Youth Community Action** – This initiative gives young people the opportunity to earn credit for tuition fees while participating in approved community service projects. A maximum of \$2,400 may be applied towards post-secondary tuition fees.
- **Students with Dependants** – This initiative represents a \$50 per week social assistance increase to students with dependants. The initiative recognizes the challenges faced by students who are going to school while raising children.
- **Safe Schools** – The province's safe schools initiative provides funding for the development of violence prevention programs, raises awareness about safety issues, and addresses the factors that can lead to violence in B.C. schools.
- **Family Earnings Exemption** – A flat rate earnings exemption allows families on social assistance to keep up to \$200 of earned income each month. This initiative provides added incentive for families on welfare to enter the labour market.
- **Before and After School Care** – In 2000-2001, government announced a new initiative to expand access to before and after school care for children in Grade 1 to 12 years old.
- **Child Care Subsidy** – Incremental Increase – Due to demand, in part created by increasing labour market involvement, additional funds were provided to the child care subsidy program to cover increased subsidy uptake for before and after school care.
- **Social Housing Subsidy** – The B.C. government has been actively increasing availability and access to affordable housing for low-income families in British Columbia. As new housing is completed, subsidy expenditures for families increase year over year.

## Yukon

Yukon has invested in early childhood services, children-at-risk services, supplementary health benefits and a child benefit. These programs have been supported through reinvestment and investment funds.

Yukon's initiatives include:

- **Healthy Families Initiative** – In partnership with public health nurses and healthy family support workers, this program provides in-home assistance and education to new parents, to ensure that infants receive care and stimulation that is so crucial to their healthy development and long-term well-being. The program also provides supports to parents who are adapting to life with an infant and learning the skills they need to care for the child. In addition to screening each of 206 annual births, approximately 18 families and 18 children were estimated to benefit from intensive follow-up services under this initiative in 1999-2000. In 2000-2001, 41 families and 54 children benefited from this program, in addition to the screening of 400 births. It is estimated that 99 families were served in 2001-2002.
- **Kids' Recreation Fund** – The Kids' Recreation Fund has been designed to help children whose families are experiencing financial hardship to actively participate in organized recreational programs. The fund covers registration fees, equipment and supplies for sports, arts, cultural, recreational or social activities. The fund was fully utilized and well received during its first year of operation, with approximately 180 families and 365 children benefiting during 1999-2000. Yukon estimates 360 families and 760 children benefited from this program during 2000-2001.
- **Yukon Children's Drug and Optical Program** – This program is designed to assist low-income families with the cost of prescription drugs and eye care for children up to 18 years of age. Families with income between \$24,501 and \$63,501, depending on the number of children, must pay a deductible. Benefits include prescription drugs, some medical supplies, eye examination and glasses. The Yukon government has estimated that approximately 291 children benefited from this program during

### YUKON'S NCB INITIATIVES

(\$000)	1999-2000 EXPENDITURES	2000-2001 EXPENDITURES	2001-2002 ESTIMATES
CHILD BENEFITS & EARNED INCOME SUPPLEMENTS Yukon Child Benefit*	325	357	500
SUPPLEMENTARY HEALTH BENEFITS Children's Drug/Optical	38	42	62
EARLY CHILDHOOD SERVICES/CHILDREN-AT-RISK SERVICES Kids' Recreation Fund Healthy Families	3 253	69 397	69 465
<b>TOTAL</b>	<b>619</b>	<b>865</b>	<b>1,096</b>

\* Not including funds recovered from the federal Department of Indian Affairs and Northern Development.

1998-1999. Approximately 355 children benefited during 1999-2000, 358 children in 2000-2001 and 362 children in 2001-2002.

- **Yukon Child Benefit** – This program is a new investment initiative designed to ensure that social assistance and low-income working families in Yukon receive financial support to help with the costs of raising children. Yukon families in receipt of the Canada Child Tax Benefit (CCTB), which includes the NCB Supplement, are automatically considered for the Yukon Child Benefit. The benefit supplements the CCTB and is based on the same objectives and principles. The benefit is tax-free and is not considered to be income when calculating social assistance benefits. The full benefit of \$300 per year per child is available for families with net annual incomes below

\$16,700. Those with incomes above that level receive reduced benefits, which are fully eliminated at income levels of \$28,700 for one- and two-child families, and \$34,700, \$40,700 and \$46,700 for three- four- and five-child families respectively. Approximately 1,357 families and 2,500 children benefited during 1999-2000 and 2000-2001.

All of the Yukon initiatives were put in place to support the government's Anti-Poverty Strategy and its emphasis on supporting healthy children, healthy families, healthy communities and recognizing the long-term benefits of early childhood interventions. These initiatives also represent an integration of health and social services programming.

# Northwest Territories

The Government of the Northwest Territories' NCB initiatives include the NWT Child Benefit and the Healthy Children Initiative. The NWT Child Benefit includes an additional benefit called the Territorial Workers' Supplement, available to low-income families with employment income in the previous year. In order to reduce duplication and streamline delivery, Canada Customs and Revenue Agency delivers the benefits for the Northwest Territories, as an integrated payment with federal child benefits.

- **NWT Child Benefit** – This is a cash benefit, which provides a maximum of \$330 per child for families with income of \$20,921 or less in the previous year. The Territorial Workers' Supplement provides families that earned at least \$3,750 in working income the previous year, with annual benefits that reach a maximum, based on working income of \$10,000, of \$275 for the first child and \$75 for the second. An estimated 4,900 children in 2,500 families received the NWT Child Benefit in 2001-2002. NWT Child Benefit payments have reduced each year since the program was implemented, indicating that fewer families are eligible for this income-tested program targeted at low-income families. This is attributed to an increase in well-paying, full-time employment opportunities available

in the Northwest Territories in the late 1990s due to developments in the mining, oil and gas, and service sectors.

- **Healthy Children Initiative** – This program is recognized as playing a major role in communities, by providing programs for children up to six years of age and their families. Funding, based on written proposals, is provided to community groups to plan and deliver programs specifically tailored to meet the needs of that community. The incremental funding provided by the increase to the NCB in 1999-2000 and 2000-2001 allowed for more program development and delivery to address the developmental needs of young children and their families.

In September 2001, the NWT government released two documents: *Framework for Action: Early Childhood Development* and *Early Childhood Development: An Action Plan*. These documents form the blueprint for action to expand and enhance early childhood development initiatives. These activities are focused in four key areas: health and wellness, and risk prevention; parenting and family supports; child development care and learning; and community supports and community building. NCB reinvestment programs will complement and support the initiatives introduced in the *Early Childhood Development Action Plan*.

## NORTHWEST TERRITORIES' NCB INITIATIVES

(\$000)	1999-2000 EXPENDITURES	2000-2001 EXPENDITURES	2001-2002 ESTIMATES
CHILD BENEFITS & EARNED INCOME SUPPLEMENTS			
NWT Child Benefit/Territorial Workers' Supplement	1,990	1,773	1,775
EARLY CHILDHOOD SERVICES/CHILDREN-AT-RISK SERVICES			
Healthy Children Initiative	157	367	419
TOTAL	2,147	2,140	2,194



## Nunavut

The Territory of Nunavut has been in existence since April 1, 1999. Many programs and systems are still in the early stages of development. Nunavut's reinvestments include the Nunavut Child Benefit and the Territorial Workers' Supplement, as well as funding for the Healthy Children Initiative.

Nunavut's initiatives include:

- **Nunavut Child Benefit** – This benefit is paid to all families with net income of \$20,921 or less in the previous year. These families receive \$330 for each eligible child under the age of 18 living at home.
- **Territorial Workers' Supplement** – This is an additional benefit for working families with children under the age of 18 living at home, which can receive up to \$275 for the first child and \$75 for the second. To qualify, the family must have earned income of at least \$3,750 in the previous year.
- **Healthy Children Initiative** – This initiative focuses on the healthy development of children up to the age of six through the improvement or expansion of community-based programs and services for young children and their families.

### NUNAVUT'S NCB INITIATIVES

(\$000)	1999-2000 EXPENDITURES	2000-2001 EXPENDITURES	2001-2002 ESTIMATES
CHILD BENEFITS & EARNED INCOME SUPPLEMENTS Nunavut Child Benefit/Territorial Workers' Supplement	1,960	2,287	2,300
EARLY CHILDHOOD SERVICES/CHILDREN-AT-RISK SERVICES Healthy Children Initiative	372	486	323
<b>TOTAL</b>	<b>2,332</b>	<b>2,773</b>	<b>2,623</b>



## First Nations

In assessing these figures, the following points should be noted:

- Bands funded under multi-year funding agreements (e.g. Alternative Funding Arrangements, Financial Transfer Agreements and Canada/First Nation Funding Agreements) are excluded from the totals for British Columbia, Alberta, Ontario and the Atlantic.
- As the territorial governments provide funding for social assistance and NCB-related initiatives in the Northwest Territories and Nunavut, reinvestments in these areas are not included.
- Self-governing bands in the Yukon are excluded.
- Figures for the Atlantic region do not include New Brunswick.
- For Quebec, the amount includes savings from the New Family Allowance and the NCB Supplement. The total includes multi-tiered estimated savings in eight communities.
- In the Ontario region, the amounts listed do not include sole support cases that were still with the provincial Ministry of Community, Family and Children's Services but may have been transferred later.
- The Additional Reinvestment Envelope includes funding that was added as a result of provincial/territorial investments made on top of NCB reinvestments. Additional funding was contributed to make sure First Nations children had access to a comparable level of NCB-related funding.

**Funds Available for First Nations' NCB Initiatives (\$000), 1999-2000 to 2001-2002**

REGION	1999-2000	2000-2001	2001-2002 ESTIMATE
Yukon	300.0	264.1	483.7
British Columbia	3,470.0	4,324.0	5,454.0
Alberta	7,000.0	9,667.2	13,091.3
Saskatchewan	8,600.0	11,440.8	9,921.0
Manitoba	8,400.0	7,785.6	6,000.0
Ontario	3,500.0	5,217.5	7,279.7
Quebec	8,500.0	8,539.5	8,539.5
Atlantic	2,100.0	3,000.0	3,000.0
<b>SUB-TOTAL</b>	<b>41,870.0</b>	<b>50,238.7</b>	<b>53,769.2</b>
ADDITIONAL REINVESTMENT ENVELOPE Saskatchewan and Yukon	8,340.0	4,039.2	5,762.9
<b>TOTAL</b>	<b>50,210.0</b>	<b>54,277.9</b>	<b>59,532.1</b>

**Expenditures on First Nations NCB Initiatives, by Program Type,  
1999-2000 and 2000-2001 (\$000)**

PROGRAM TYPE	1999-2000	2000-2001
Child/Day Care	584.2	617.0
Child Nutrition	2,527.6	5,002.7
Early Child Development	1,918.1	3,463.2
Employment Opportunities/Training	2,729.9	5,078.5
Community Enrichment	5,412.8	8,821.5
<b>SUB-TOTAL</b>	<b>13,172.6</b>	<b>22,982.9</b>
ADDITIONAL EXPENDITURES BY FIRST NATIONS WITH MULTI-YEAR AGREEMENTS AND COMPREHENSIVE FUNDING AGREEMENTS	28,697.4	27,255.8
ADDITIONAL REINVESTMENT ENVELOPE	8,340.0	4,039.2
<b>TOTAL</b>	<b>50,210.0</b>	<b>54,277.9</b>

## Citizenship and Immigration Canada

Citizenship and Immigration Canada (CIC) administers the Resettlement Assistance Program (RAP) for government-assisted refugees. The program has two components: income support and a range of immediate essential services. RAP provides income support normally for up to 12 months or until clients become self-sufficient, whichever comes first. Clients who are not self-sufficient at the end of RAP income support transfer to provincial social assistance.

The Kosovo movement was a special two-year initiative under RAP and, with a few exceptions, most clients stopped receiving income support benefits in May and June 2001.

To ensure that the transfer from federal to provincial income assistance is seamless, CIC regional/local offices follow their provincial counterparts' lead when adjusting RAP income support for the purposes of the National Child Benefit (NCB) Supplement.

The funds available as a result of the income support adjustments are reinvested into the following benefits for children in refugee families.

- The **NCB Transportation Allowance** assists families in getting to medical appointments, day care services and other settlement services for newcomers.
- The **Children Under 6 Years Allowance** is a benefit that recognizes the additional costs associated with young children.
- The **School Start-up Allowance** is a once per year benefit to assist families in preparing their children for school.
- The **Newborn Allowance** assists clients with the purchasing of essentials for a new baby (e.g. crib, stroller, formula).

### CITIZENSHIP AND IMMIGRATION CANADA'S NCB INITIATIVES

(\$000)	1999-2000 ESTIMATES	2000-2001 ESTIMATES	2001-2002 ESTIMATES*
CHILD BENEFITS & EARNED INCOME SUPPLEMENTS Children under 6 Allowance/Newborn Allowance /School Start-up Allowance	440	562	432
OTHER Transportation	1,903	2,554	2,412
<b>TOTAL</b>	<b>2,343</b>	<b>3,116</b>	<b>2,844</b>

\* Estimated expenditures for 2001-2002 have decreased due to the phasing out of the Kosovo movement initiative.

# Appendix 6 – Additional Statistical Information

These additional statistical tables supplement the information contained in this report. They provide information on low income and labour market participation trends and are on the Internet at <http://www.nationalchildbenefit.ca>.

Table 1a: Pre-tax LICOs, Income thresholds, by family size and community size, 1999

Table 1b: Post-tax LIM, Income thresholds, by family size and composition, 1999

Table 1c: Post-tax LICOs, Income thresholds, by family size and community size, 1999

Table 2: LICOs & LIM - Number and percentage of families below the low-income thresholds, by family type, Canada, 1984 to 1999

Table 2a: LICOs & LIM - Number and percentage of children under 18 below the low-income thresholds, by family type, Canada, 1984 to 1999

Table 3a: Pre-tax LICOs - Percentage by which family income is below or above the low-income thresholds, by family type, Canada, 1984 to 1999

Table 3b: Post-tax LIM - Percentage by which family income is below or above the low-income thresholds, by family type, Canada, 1984 to 1999

Table 3c: Post-tax LICOs - Percentage by which family income is below or above the low-income thresholds, by family type, Canada, 1984 to 1999

Table 4: LICOs & LIM - Average market income of low-income families as a percentage of the low-income thresholds, by family type, Canada, 1984 to 1999

Table 5: LICOs & LIM - Average total weeks worked for pay by all adults in low-income families, by family type, Canada, 1984 to 1999

Table 6: LICOs & LIM - Percentage of weeks worked full time for pay by low-income families, by family type, Canada, 1984 to 1999

Table 7: LICOs & LIM - Percentage of low-income families employed for pay during the year, by family type, Canada, 1984 to 1999

Table 8: Estimated number of single-parent and two-parent families with children under 18 receiving social assistance, Canada, March of each year, 1987 to 2001





# Appendix 7 – The National Child Benefit Governance and Accountability Framework

## Introduction

Ministers Responsible for Social Services, representing the Government of Canada and provincial and territorial governments, with the exception of Quebec, have jointly agreed to develop and implement the National Child Benefit (NCB). The NCB is an innovative and progressive approach for investing in Canada's children. The effective implementation and ongoing management of the NCB requires a continuation of the spirit of collaborative partnership between the Government of Canada and provincial/territorial governments that has characterized its development.

This framework is intended to outline the partnership process that has guided the development of the NCB and which Ministers now wish to see reflected in the implementation and ongoing management of the program. This process emphasizes transparent and open communications between partners, de-emphasizes formalized, bureaucratic agreements between orders of government, and accentuates accountability to the general public.

This framework, read in conjunction with other NCB documents, records the key agreements, understandings and operating guidelines that govern the partnership between the Government of Canada and the provinces and territories on the NCB initiative.

## Objectives and Operating Principles of the NCB

The objectives that partners have agreed to for the NCB are:

- to help prevent and reduce the depth of child poverty;
- to promote attachment to the workforce; and
- to reduce overlap and duplication.

The Government of Canada and provincial/territorial governments have also agreed on the following operating principles to guide development and implementation. They have agreed that the NCB:

- will be a partnership between the Government of Canada and provincial/territorial governments;
- will require a significant, incremental and permanent investment by the Government of Canada, as well as appropriate and complementary provincial/territorial investments benefiting children in low-income families;
- will be developed through a staged approach, with the initial investment representing a starting point to a more significant investment in the future – an investment that is sufficient to remove benefits for children from the welfare system;

- will see provincial and territorial governments reinvesting social assistance funds – made available by the Government of Canada’s investment – in low-income families with children in a manner consistent with NCB objectives;
  - will see the provinces and territories exploring whether incremental funds can be devoted to the provincial/territorial component of the NCB, fiscal resources permitting;
  - will not result in the reduction of the overall level of income support for families receiving social assistance;
  - will move toward simplified administration and delivery of children’s benefits by governments, and simplified receipt of benefits for families with children; and
  - should be considered one of a number of measures that will need to be employed as part of a comprehensive approach to child poverty.
- **Openness:** Governments will work in an open and transparent manner in the development and operation of the NCB.
  - **Flexibility:** In keeping with the objectives and operating principles of the NCB, each jurisdiction has the flexibility to develop programs and services and deliver them in a manner that best responds to the needs and priorities of its communities.
  - **Evolution:** Building on experience and progress as the NCB is implemented, processes of working together within the partnership may be adapted as needed to achieve the goals of the initiative.
  - **Accountability:** Governments have entered into this partnership to secure better lives for Canada’s children and to enhance and promote program effectiveness, information sharing and learning. In assessing our progress, governments will emphasize accountability to the public.

The NCB is the foundation for a broad-based, multi-sectoral approach to ensuring that all of our children have a strong start in life. It is one of a number of strategies being developed within the context of the National Children’s Agenda.

## Partnership Between Governments

The Government of Canada and provincial/territorial governments have pledged to work together in developing and operating a coordinated system that will deliver the NCB. This partnership is characterized by:

- **Cooperation:** Building on methods which have been successful to date, governments will aim to reach decisions through negotiations and discussions, based on mutual respect and a spirit of cooperation, leading to consensual resolutions.
- **Federal/Provincial/Territorial Ministers Responsible for Social Services:** The forum of Federal/Provincial/Territorial Ministers Responsible for Social Services shall constitute the principal mechanism for governance of the NCB. The Ministers will

## Governance and Accountability Roles

The effective management of the NCB will require ongoing, timely and responsive decision making that takes into account the range of perspectives held by the partners. There will be ongoing discussion and decisions needed on issues, such as funding, design work on next installments, development of accountability and performance reporting, program delivery and related technical issues. Reflecting the processes that were established during the design and development stage of the initiative, decision making and accountability will flow from the following mechanisms:

provide the overall strategic policy directions for the program at the national level; monitor and assess all aspects of implementation; identify areas of potential concern and seek solutions; and adjudicate and resolve disputes where required.

- **Federal/Provincial/Territorial Deputy Ministers Responsible for Social Services:** Federal/Provincial/Territorial Deputy Ministers Responsible for Social Services are delegated responsibility for general management, implementation and operation of the program under the direction of Ministers.
- **Federal/Provincial/Territorial NCB Working Group of Officials:** The role of a Federal/Provincial/Territorial NCB Working Group of Officials will be to support the mandate of Deputy Ministers and Ministers with respect to the NCB. This includes identifying, addressing and finding solutions for emerging issues.

## Problem Solving

Promoting and contributing to an environment that seeks solutions to program problems, differences in perspectives and any other issues of concern will be the responsibility of all partners in the process. This is best achieved by an approach based on mutual interest and trust, and by working together in a manner that prevents problems from arising.

During the design and development stage of the initiative, the consensus approach has been effective, and the partners commit to building on this experience. Key ingredients in this approach are transparency in the actions of all partners and open, timely communication between partners.

## Problem-solving mechanisms:

When issues arise, a number of processes are available to arrive at acceptable solutions. Issues can be referred for resolution to the Federal/Provincial/Territorial NCB Working Group of Officials, to Federal/Provincial/Territorial Social Services Deputy Ministers, or to Federal/Provincial/Territorial Ministers Responsible for Social Services. The body selected for referral will remain optional, but the partners will endeavour to identify potential areas of concern in a timely fashion and seek resolutions using the most efficient and constructive route.

Some issues may be resolved through bilateral processes where appropriate. Bilateral agreements will be communicated and made available to other partners.

Partners agree and commit to using these problem-solving mechanisms before enacting alternative approaches.

## Accountabilities

Within the context of this framework, a number of general accountabilities are recognized, including accountability for the effective management of the NCB by the government partners and the ensuing accountability for program effectiveness to the public. A primary goal of this framework is to emphasize processes that focus on the accountability to the public for program effectiveness and that minimize administrative reporting.

- Government to government:

The partners have committed to the parameters of the NCB initiative as reflected in the official decisions of Federal/Provincial/Territorial Ministers Responsible for Social Services. These commitments are summarized in the public information paper *The National Child Benefit: Building a Better Future for Canadian Children* (September 1997).

Each level of government undertakes to make provisions for the level of information sharing as agreed to by the partners and required for program management and implementation, as well as for program evaluation, including statistical and related data.

- Reporting to the public:

Reporting to the public is an integral part of the accountability framework. Ministers commit to providing, at least once a year, a report on the performance of the NCB initiative. Each government commits to provide the data for this purpose.

The report shall include data on Government of Canada investments made in the Canada Child Tax Benefit and beneficiaries; provincial/territorial reinvestments and any incremental investments, and beneficiaries; and results and outcomes achieved.

The partners commit to working toward a focus on program outcomes as the primary goal of reporting, recognizing that outcomes will become better measurable as program investments increase beyond initial levels.

The partners support the importance of evaluative and analytical work to ensure the appropriate and reliable measurement of program outcomes. The partners recognize the importance of ensuring that data provided for purposes of public reporting are open to public scrutiny.

## Commitment to Continual Improvement

Evaluation, feedback from stakeholders and the public, and flexibility to adjust the NCB over time are important characteristics of the initiative that will ensure it remains relevant to changing economic and social circumstances.

This framework recognizes that the ongoing development and the evolution of the NCB may necessitate periodic review and updating of this statement by Ministers.

March 12, 1998



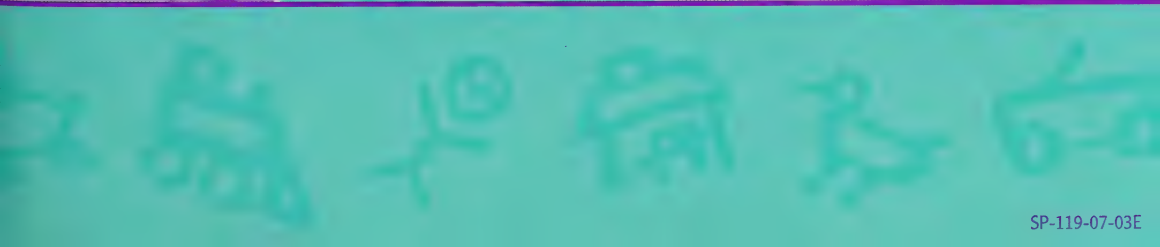
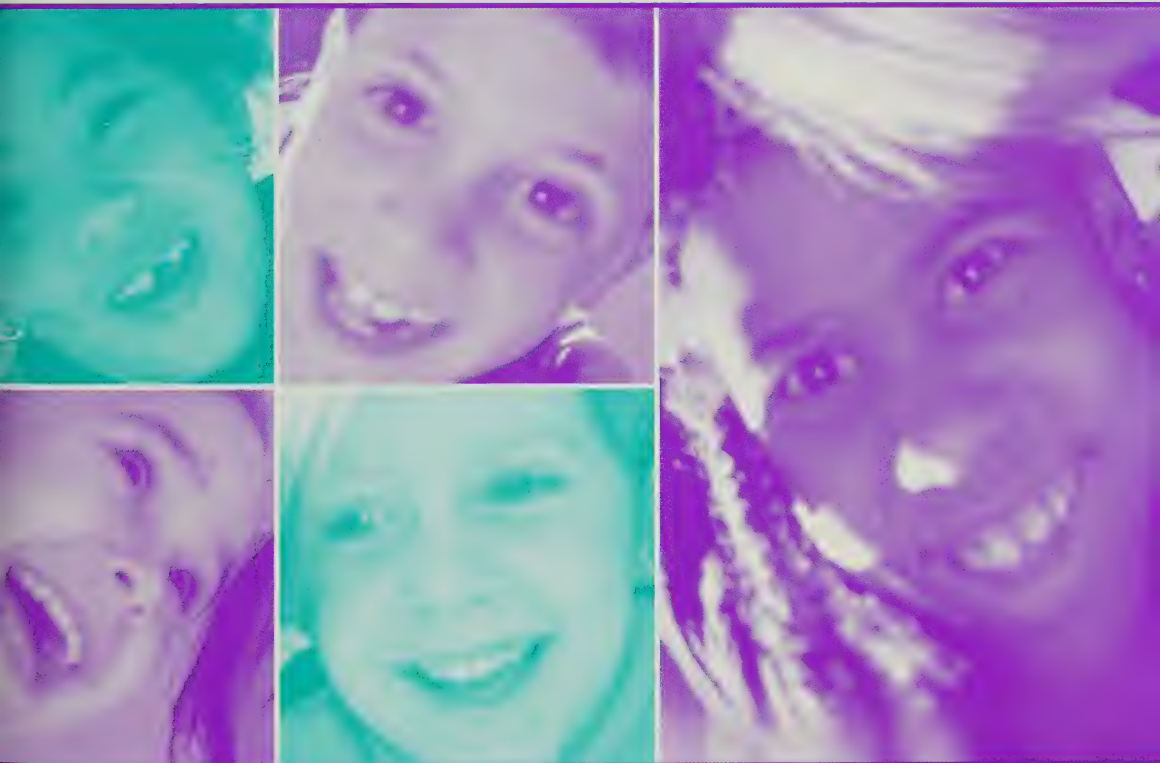






# The National Child Benefit

## Progress Report: 2002







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## Progress Report: 2002





July 2003

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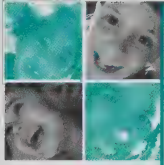
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# A Message from the Federal/ Provincial/Territorial Ministers Responsible for Social Services

Canada's Federal, Provincial and Territorial Ministers Responsible for Social Services<sup>1</sup> are committed to assessing and reporting to Canadians on the progress being made by the National Child Benefit (NCB) towards the objectives set for the initiative when it was introduced in 1998. This report, the *National Child Benefit Progress Report: 2002*, is the fourth in a series of progress reports provided by Ministers since the NCB was launched.

The 2002 report provides updated information on the activities and impacts of the activities of Canada's federal, provincial and territorial governments and First Nations to improve the well-being of children in low-income families.

Specifically, it provides detailed information on the contributions of the Government of Canada through the Canada Child Tax Benefit (CCTB) system and the NCB Supplement as well as information on the contributions of provincial and territorial governments and First Nations through the

programs and services they provide under the joint NCB initiative. It was prepared by a joint working group of officials representing federal, provincial and territorial governments and First Nations.

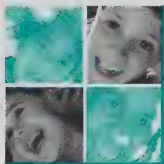
The report also includes new information drawn from recent studies to demonstrate how the NCB contributes to improving the labour force attachment of some individuals and the co-ordinated delivery of child benefits between federal, provincial and territorial governments.

As Ministers Responsible for Social Services in Canada, we welcome the announcement in the 2003 federal Budget of further increases in the NCB Supplement. We remain committed to work collaboratively to improve the situation of Canadian children and their families and to report to Canadians on the progress being made.

**Federal, Provincial and Territorial Ministers  
Responsible for Social Services**

<sup>1</sup> The Government of Quebec has stated that it agrees with the basic principles of the NCB. Quebec chose not to participate in the NCB because it wanted to assume control over income support for children in Quebec; however, it has adopted a similar approach to the NCB. Throughout this report, references to joint federal/provincial/territorial positions do not include Quebec.





# Executive Summary

The National Child Benefit (NCB) initiative is a joint initiative of Canada's federal, provincial and territorial governments and First Nations.<sup>2</sup> The NCB's objectives are to prevent and reduce the depth of child poverty; support parents moving into the labour market; and reduce duplication and overlap of government programs.

This report, the *NCB Progress Report: 2002*, is the fourth in a series of reports to Canadians since the NCB was introduced in July 1998.

The 2002 report confirms the NCB is making progress toward meeting all three of its goals, while providing provinces and territories and First Nations with the flexibility to meet their particular needs.

The report shows that the number of Canadian children living in low-income families continues to decline. Improving economic conditions have contributed significantly to this positive outcome. But so have the contributions of Canada's federal, provincial and territorial governments through the NCB initiative.

The report demonstrates how the NCB is helping to reduce both the incidence and depth of child poverty as well as how it reduces the "welfare wall" by making paid work more financially attractive and reducing dependency on social assistance for parents of low-income families.

Under the NCB, the Government of Canada provides benefits directly to low-income families with children

through the NCB Supplement to the Canada Child Tax Benefit (CCTB). Provinces, territories and First Nations provide other programs and services to families with children in their communities.

Specific details of the federal government's contribution through the NCB Supplement are presented in Chapter 3. For the program year ended June 2002, the federal investment increased to \$2.5 billion from \$1.9 billion in 2001. Between July 2001 and June 2002, 1.5 million families with 2.7 million children received the NCB Supplement, representing 40 percent of all Canadian families with children. This is in addition to the \$3.1 billion base benefits of the CCTB received by these families.

Comprehensive information on provincial, territorial and First Nations reinvestments and investments in programs and services for children and their families is provided in Chapter 4 and Appendix 2. For 2001-2002, these totaled \$692.4 million and are estimated to be \$777.0 million for 2002-2003.

Chapter 5 looks at the First Nations and the NCB. It describes how the Government of Canada and some 600 First Nations are cooperatively addressing the needs of low-income families on-reserve through the NCB initiative. For 2001-2002, First Nations reinvestments and investments in programs and services were \$57.2 million and are estimated to be \$51.9 million for 2002-2003.

<sup>2</sup> The Government of Quebec has stated that it agrees with the basic principles of the NCB. Quebec chose not to participate in the NCB because it wanted to assume control over income support for children in Quebec; however, it has adopted a similar approach to the NCB. Throughout this report, references to joint federal/provincial/territorial positions do not include Quebec.



Chapter 6 addresses the key issue of “measuring low income”. Low-Income Cut Offs (LICOs), the Low Income Measure (LIM) as well as the Market Basket Measure (MBM) are included. Using post-tax LICO data and Statistics Canada’s Survey of Labour and Income Dynamics (SLID), this chapter shows how the well-being of children and their families living in low income continues to improve on a number of levels (although it does not directly link these socio-economic improvements to the NCB).

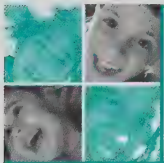
Chapter 7 directly links the impact of the NCB in reducing low income and promoting attachment to the labour force.

- On reducing low income, 55,000 children in 22,900 families were not living in low income in 2000 as a result of the NCB, a 5.1 percent reduction in the number of low-income families or 1 in 20. These families with children saw their average disposable income increase by almost \$1,800, or 7.5 percent, in 2000.
- The NCB makes it more attractive for a parent in a low-income family to move from social assistance to paid employment – even at minimum wage rates. For example, without the NCB, single parents with two children could face a reduction in disposable income of more than 8 percent when leaving social assistance for full-time minimum wage employment. By 2001, their disposable incomes were 2 percent higher after leaving social assistance – an overall improvement of 10 percentage points since 1997. The NCB was responsible for 72 percent of this improvement.

- There is evidence families with children are less reliant on social assistance as a result of the introduction of the NCB. The NCB has contributed to declines in the social assistance caseloads of families with children, compared to the caseload of families without children, as well as a decline in the length of time some single-parent families spend on social assistance.
- Simplified administration of child benefits allowed many jurisdictions to combine the NCB Supplement with provincial/territorial child benefits into a single integrated payment.
- The flexibility of the NCB agreement allowed provincial and territorial governments and First Nations to respond to the local needs of low-income families.

The Government of Canada has announced further increases in the NCB Supplement, so that by the year 2007-2008, the annual federal investment to support Canadian families with children through the combined base benefit of the CCTB and the NCB Supplement is projected to be \$10 billion. This is projected to bring benefit levels for a family with two children from the current maximum of \$4,682 to a projected \$6,259 by 2007-2008.

The NCB has established the key components of an integrated child benefit system. The federal, provincial and territorial governments and First Nations will continue to build on this platform of child benefits and will keep Canadians informed of the progress being made.



# 1. The Purpose of this Report

*The National Child Benefit Progress Report: 2002* describes the activities of Canada's federal, provincial and territorial governments<sup>3</sup> and First Nations to improve the well-being of children in low-income families. This report describes progress toward meeting the goals of the National Child Benefit (NCB) initiative; that is: to prevent and reduce the depth of child poverty, support parents as they find and keep work, and reduce program overlap and duplication since its inception in 1998.

This fourth report on the NCB initiative provides several years of information. For the federal component of the NCB, the report focuses on the 2000-2001 and 2001-2002 program years.

Provincial, territorial and First Nations expenditures on NCB-related programs are provided for 2000-2001, and estimates are used for 2001-2002 and 2002-2003 fiscal years.

In particular, the report presents evidence on the direct impact of the NCB initiative in helping to prevent and reduce the depth of child poverty in Canada. A summary of recent evaluation studies highlights how the NCB initiative has contributed to improved labour force attachment and to the improved coordination and delivery of child benefits among federal, provincial and territorial governments.

<sup>3</sup> The Government of Quebec has stated that it agrees with the basic principles of the NCB. Quebec chose not to participate in the NCB because it wanted to assume control over income support for children in Quebec; however, it has adopted a similar approach to the NCB. Throughout this report, references to joint federal/provincial/territorial positions do not include Quebec.





## 2. What is the National Child Benefit Initiative?

The National Child Benefit (NCB) initiative is an innovative and progressive approach to supporting Canadian children. It was launched by Canada's federal, provincial and territorial Ministers Responsible for Social Services in 1998 as a unique partnership among Canada's federal, provincial and territorial governments and First Nations.

The NCB initiative has three goals:

1. To help prevent and reduce the depth of child poverty;
2. To promote attachment to the workforce – resulting in fewer families having to rely on social assistance – by ensuring that families will always be better off as a result of working; and
3. To reduce overlap and duplication through closer harmonization of program objectives and benefits and through simplified administration.

### ■ How the NCB Initiative Works

Before the NCB initiative was introduced in 1998, parents leaving welfare for full-time work lost the financial benefits they were receiving on behalf of their children. Further, they would often give up in-kind benefits, such as supplementary health, vision, dental and prescription drug benefits. Government programs inadvertently formed a “welfare wall” that made it more difficult for parents to move from welfare to work.

The NCB initiative offers a structure to overcome this problem. Under the NCB, the Government of Canada provides direct income support for children in low-income families, whether their parents are on social assistance or working. The Government of Canada introduced the NCB Supplement as a

component of the federal Canada Child Tax Benefit (CCTB) system (see Figure 1, *How does the NCB Work?*). The Supplement is a foundation upon which provinces and territories can build to support the transition from welfare to work. In turn, provinces, territories and First Nations adjust social assistance and child benefit payments and use the savings to invest in new and/or enhanced benefits and services for low-income families to meet local needs and priorities.

One of the strengths of the NCB initiative is its flexibility in allowing provinces, territories and First Nations to meet the needs of their citizens while fulfilling the objectives of the initiative. Programs offered by provinces, territories and First Nations are designed so that all low-income families with children continue to have access to services, such as child care, early childhood services and supplementary health benefits when they accept a job. In addition to services and in-kind benefits, many jurisdictions have chosen to provide additional income support through child benefits and earned income supplements.

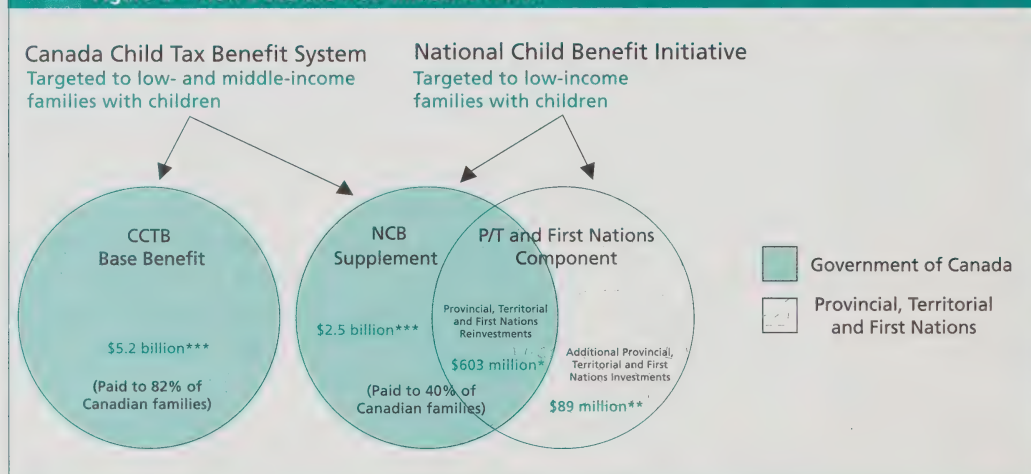
Overall, provinces, territories and First Nations have reinvested and invested \$692.4 million in 2001-2002 in services and income support within the context of the NCB initiative. While some of this money is contributed from these jurisdictions' own revenues, the bulk of these funds comes from the money provinces, territories and First Nations no longer have to provide in basic income support for children because these benefits are gradually being replaced by the federal NCB Supplement. In other words, provinces, territories and First Nations reinvest the savings resulting from increases in the NCB

Supplement to the provision of services and in-kind benefits in support of all low-income families, whether they are on social assistance or working.

Jurisdictions participating in the NCB initiative are making progress toward meeting these goals (the direct impacts of the NCB initiative on each of the three goals are presented in Chapter 7). Provinces, territories and First Nations have implemented a variety of approaches to achieve this progress, which will be described in more detail in Chapter 4, *The Provincial and Territorial Components of the NCB Initiative*, and Chapter 5, *First Nations and the NCB Initiative*.

A key component of social policy in Canada, the NCB initiative supports the National Children's Agenda by providing a foundation for ensuring that all children have the best possible start in life. As noted in "A Policy Blueprint for Canada's Children",<sup>4</sup> income is one of three enabling conditions to ensure positive child outcomes. The other two are positive parenting and supportive communities, both of which are the focus of many provincial and territorial and First Nations programs funded through the NCB initiative.

**Figure 1 – How Does the NCB Initiative Work?**



- \* Reinvestment funds comprise social assistance/child benefit savings and, in some jurisdictions, Children's Special Allowance (CSA) recoveries. Please see Appendix 2 for further details. Most provinces and territories reduce social assistance or child benefits by the same amount as the NCB Supplement is increased in order to provide funding for new or enhanced programs. The NCB initiative provides flexibility for provincial, territorial and First Nations reinvestments to target savings in programs, benefits and/or services to meet local needs and priorities.
- \*\* Investment funds comprise additional funds that some jurisdictions devote to the NCB, over and above the reinvestment funds. Please see Appendix 2 for further details. Additional investments for First Nations are provided by Indian and Northern Affairs Canada.
- \*\*\* Amounts are for the July 2001 to June 2002 period.

<sup>4</sup> Jensen, Jane and Sharon M. Stroik, "A Policy Blueprint for Canada's Children," *Reflexion* 3 (October 1999).



## ■ The Federal Contribution to the NCB

Through the base benefit of the CCTB and the NCB Supplement, the Government of Canada has increased the child benefits it provides to low- and middle-income families with children. The base benefit of the CCTB is a tax-free monthly payment made to more than 82 percent of Canadian families to help them with the cost of raising children under age 18. Between July 2001 and June 2002, the base benefit of the CCTB provided \$5.2 billion to approximately 3.2 million families with 5.8 million children.<sup>5</sup>

In addition to the base benefit of the CCTB, the NCB Supplement is an extra tax-free monthly benefit targeted to low-income families with children under 18 years of age. As is the case with the base benefit, the NCB Supplement is income-tested using information from the income tax system. It provides additional income support for low-income families with children below a given income level regardless of whether the parents are in the labour market or receiving social assistance. Between July 2001 and June 2002, the NCB Supplement delivered about \$2.5 billion in assistance to approximately 1.5 million families with 2.7 million children in addition to the base benefit of the CCTB. The NCB Supplement is paid to 40 percent of all Canadian families with children.<sup>6</sup>

## ■ Provincial, Territorial and First Nations Components of the NCB Initiative

Most provinces and territories have used the increased federal payments to replace part of their social assistance or child benefit payments to families with children. This has permitted families on social assistance to maintain the same level of benefits as before, while providing additional funds for new or

enhanced provincial and territorial<sup>7</sup> programs that benefit low-income families with children. The types of NCB benefits and services differ at the provincial/territorial level depending on local needs and circumstances. Benefits and services fall into five key areas: child income benefits and earned income supplements; child/day care initiatives; early childhood services and children-at-risk services; supplementary health benefits; as well as a grouping of other benefits and services. For more detail on these benefits and services, please see Chapter 4, *The Provincial and Territorial Components of the NCB Initiative*, and Chapter 5, *First Nations and the NCB Initiative*.

Beyond these reinvestments, provinces and territories have additional funds to invest in enhanced levels of benefits and services provided under the NCB initiative. It is the total of these reinvestments and investments that is used to finance the provincial, territorial and First Nations NCB benefits and services. These benefits and services are in addition to other longstanding programs which provinces and territories have had in place to advance child development and help low-income families.

Since the introduction of the NCB initiative in 1998, a number of approaches to adjusting social assistance and child benefits have evolved. Some jurisdictions adjust the amount of their social assistance benefits by the amount of the NCB Supplement. Other jurisdictions have restructured their social assistance systems and provide child benefits outside of welfare. Of these jurisdictions, some continue to offset their child benefits by the amount of increases to the NCB Supplement. Others have reached the point where the NCB Supplement has fully offset the amount of child benefits. As the NCB Supplement increases, these latter jurisdictions

<sup>5</sup> Based on Canada Child Tax Benefit (CCTB) administrative data, Canada Customs and Revenue Agency.

<sup>6</sup> Based on Canada Child Tax Benefit (CCTB) administrative data, Canada Customs and Revenue Agency. For a full discussion of the NCB Supplement, please see Chapter 3, *The National Child Benefit Supplement*.

<sup>7</sup> The *NCB Progress Report: 2002* does not include data on investments and reinvestments for Quebec. All Quebec residents benefit in the same way as other Canadians from the CCTB. Moreover, they benefit from substantial investments made by the Quebec government, in the context of its family policy, in services for families and children.

do not adjust their income-tested child benefits. For a more detailed discussion of the methods that jurisdictions are using to offset social assistance benefits for children through the NCB, please see Chapter 4, *The Provincial and Territorial Components of the National Child Benefit Initiative*.

### ■ Lowering the “Welfare Wall”

In an effort to help people receiving social assistance meet needs essential to health and well-being and to help people make the transition from welfare to work, governments have created a variety of benefits and services for people receiving social assistance. These programs include basic benefits for children, financial work incentives, extended drug, dental and optical benefits and other similar supports that address the needs of families receiving social assistance.

However, some of these same benefits and services created a barrier to leaving social assistance, because when people took paid employment, they lost many or all of these financial and in-kind benefits (such as supplementary health, vision, dental and prescription drug benefits). Moving to employment from social assistance often meant that low-income families with children saw either a decline or only a slight overall increase in disposable income as a result of working.

#### **Welfare wall:**

Barriers that can make it less financially attractive for people to move from social assistance to the labour market due to the loss of income or services.

Families moving into low-paying jobs had to incur work-related expenses such as child care and transportation, in addition to paying income taxes, Employment Insurance premiums and Canada Pension Plan contributions. Thus, some parents may have been worse off financially compared to being on welfare. The “welfare wall” is used to describe barriers that can make it less financially attractive for people to move from social assistance to the labour market due to the loss of income and services. The loss of services, although often difficult to quantify in dollar terms, is also an important factor contributing to the welfare wall.

For example, immediately before the introduction of the NCB initiative in July 1998, a family on social assistance with two children (one under seven and one over seven) received an average of \$5,253 per year in combined annual federal/provincial/territorial child benefits. If this family began to earn income from employment, its social assistance benefits, including children’s benefits, would be reduced dollar-for-dollar after a basic exemption was allowed. By the time a low-income working family left social assistance entirely, their total child benefits would be reduced to \$2,753 – almost half the amount received by the same family on social assistance.<sup>8</sup>

The NCB initiative is designed to help lower the welfare wall. First, the NCB Supplement portion of the CCTB system is available to all low-income families whether or not they are working. This ensures that families on social assistance continue to receive the NCB Supplement after leaving social assistance. Second, in many jurisdictions the NCB Supplement is replacing some or all of the child portion of their social assistance or child benefits. This leaves families receiving social assistance with the same level of disposable income. Third, some jurisdictions have used their reinvestment funds to implement or enhance programs such as subsidized supplementary health benefits to working poor

<sup>8</sup> These comparisons do not apply to British Columbia, which replaced basic income support for children on social assistance with the B.C. Family Bonus in 1996.

families and to expand subsidized child care. These types of programs ensure that, upon leaving social assistance, families continue to receive key supports.

■ **An Example of the NCB Initiative in Action**

Each province and territory is enhancing its own benefits and services for low-income families to help advance the goals of the NCB. This year's report focuses on two examples that illustrate two different approaches to the replacement of social assistance benefits for children through the NCB.

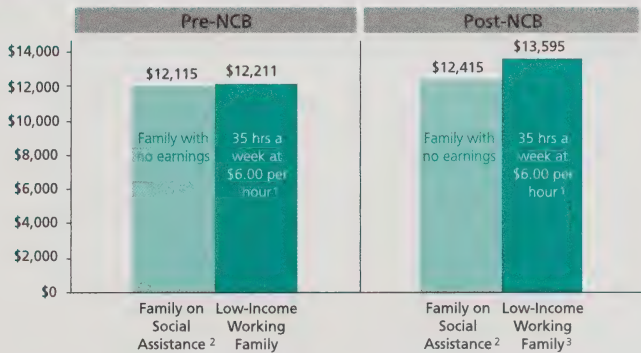
The first example, from Nova Scotia, illustrates the approach of integrating child benefits with the NCB without adjusting these benefits for NCB increases.<sup>9</sup> Nova Scotia restructured its social assistance system in August 2001 to provide child benefits outside income assistance and through the personal income

tax system. The province chose not to offset NCB Supplement increases against provincial child benefits.

The second example is from Saskatchewan; it illustrates the approach of integrating child benefits and adjusting those benefits for increases in the NCB.<sup>10</sup> Saskatchewan restructured its social assistance system in 1998 with the introduction of the NCB. At that time, it removed child benefits from the social assistance system and introduced the Saskatchewan Child Benefit and the Saskatchewan Earnings Supplement. Saskatchewan offsets NCB Supplement increases against its provincial child benefit.

Figure 2 illustrates how the change in the way the NCB is administered is helping to lower the welfare wall in Nova Scotia. It compares the disposable income a family would receive from employment

**Figure 2 – Disposable Income of a One-Parent Family, One Five Year-Old Child Living in Nova Scotia**



<sup>1</sup> Based on 50 weeks of work.  
<sup>2</sup> Includes Social Assistance, CCTB, GST Credit, NCB Supplement (2002 only), NS Child Benefit (2002 only). Does not include employment supports for expenses such as childcare, transportation or health coverage.  
<sup>3</sup> Does not include employment supports for expenses such as childcare, transportation or health coverage.

<sup>9</sup> In order to isolate the impact of the NCB on the welfare wall – independent of other factors – only changes to the social assistance system, the CCTB and provincial NCB-related income programs were taken into account in this analysis. The level of all other components of disposable income such as income tax, payroll taxes (i.e., Employment Insurance and Canada Pension Plan) and the Goods and Services/Harmonized Sales Tax Credit was set at their level as of January 2002 in both the pre- and post-NCB versions of this analysis.

<sup>10</sup> See footnote 9.

to what it would receive on social assistance, both before and after the implementation of the NCB.<sup>11</sup>

As illustrated in Figure 2, before the introduction of the NCB initiative, a one-parent family with one young child living in Nova Scotia and working 35 hours a week at minimum wage for 50 weeks in the year had an annual disposable income of \$12,211. This is slightly more than the \$12,115 the parent would have received through social assistance. As a result, there was little financial incentive for parents to leave the system for employment once expenses for child care, transportation and health coverage were taken into consideration.

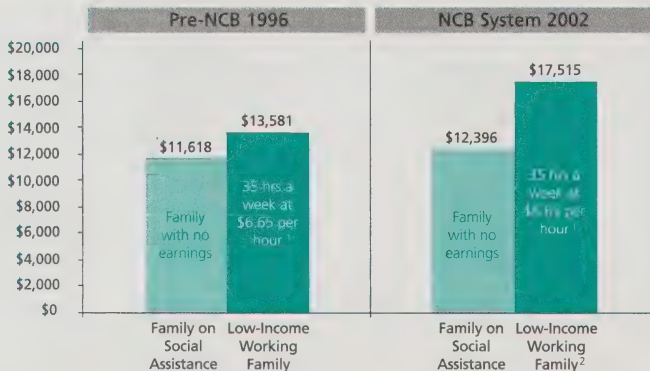
In July 2002, after the introduction of the NCB initiative and the enhancement of the Nova Scotia Child Benefit (NSCB), this same one-parent family could receive an annual disposable income of

\$13,595 while working in the same job at the same wage. This represents an increase of almost \$1,400 in income and is over \$1,100 more than the family would have received on social assistance.

The impact of the NCB in lowering the welfare wall in Saskatchewan is illustrated in Figure 3. The chart shows the disposable income a family would receive from employment compared to what it would receive on social assistance, both before and after the implementation of the NCB.

Figure 3, shows that, before the introduction of the NCB initiative, a one-parent family with one young child living in Saskatchewan and working 35 hours a week at minimum wage for 50 weeks in the year had an annual disposable income of \$13,581. The family would have received somewhat less, \$11,618, through social assistance.

**Figure 3 – Disposable Income of a One-Parent Family, One Five Year-Old Child Living in Saskatchewan**



<sup>1</sup> Based on 50 weeks of work.

<sup>2</sup> Includes the Saskatchewan Employment Supplement payment.

<sup>11</sup> Since the introduction of the NCB in 1998, one of the primary NCB reinvestments by Nova Scotia has been the Nova Scotia Child Benefit (NSCB). The NSCB is a monthly payment delivered with the CCTB. In order to look at the impact of the NCB on the welfare wall – independent of other factors – only changes to the social assistance system, the CCTB and the NSCB were taken into account in this analysis. The level of income tax, payroll taxes (such as Employment Insurance and Canada Pension Plan) and the Goods and Services/Harmonized Sales Tax Credit were set at their level as of January 2002 in both the pre- and post-NCB versions of this analysis.



In July 2002, this same one-parent family would receive an annual disposable income of \$17,515 while working in the same job at the same wage. This represents an increase of almost \$4,000 in income. It is also more than \$5,000 higher than the \$12,396 the family would have received on social assistance.

Provinces and territories have taken different approaches to adjusting child benefits in their social assistance systems to the NCB. However, regardless of the approach taken, by increasing the disposable income of low-income working families and the support provided to parents who participate in the labour market, the NCB initiative is increasing the incentive to seek employment.

It is important to note that these examples do not take into account the in-kind benefits and services such as the Saskatchewan Family Health Benefit or the Healthy Child Development Initiative in Nova Scotia, or other reinvestments or investments in employment support services, which are an important part of the NCB initiative in many provinces and territories.

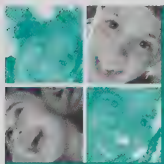
However, these examples do illustrate the flexibility of the NCB initiative in allowing provinces and territories to reduce the welfare wall with different mixes of benefits and direct services to meet their specific needs. Through provincial, territorial and First Nations reinvestments and investments in programs and services for all low-income families, the NCB initiative is addressing many of the income and service barriers that parents face in their efforts to support their families while working.

Undoubtedly, many factors affect a person's decision to seek employment rather than remain on social assistance. Reducing the welfare wall through income benefits is one way the NCB initiative can make employment a better, more financially viable option for low-income parents.

The next three chapters describe more specifically how the federal, provincial and territorial governments and First Nations are working collaboratively to support Canadian children and their families to break through the welfare wall and move out of low-income circumstances.







## 3. The National Child Benefit Supplement

### ■ The Federal Child Benefit System

The Government of Canada has long provided Canadian families with child benefits. Since July 1998, the Government of Canada has provided direct financial assistance to families with children through the Canada Child Tax Benefit (CCTB). The

CCTB is a non-taxable monthly payment for families with children based on family net income and the number and age of the children within the family. It is designed to help families with the cost of raising children.

#### The History of Federal Child Benefits in Canada

**1918 – Child Tax Exemption:** This exemption provided income tax savings that increased as taxable income increased. It provided no benefits to families that did not owe income tax.

**1945 – Family Allowance:** This benefit was provided to all Canadian families with dependent children.

**1973 – The Family Allowance** benefits were tripled, indexed to the cost of living, and made taxable.

**1978 – Refundable Child Tax Credit:** This targeted and income-tested child benefit provided a maximum benefit to low-income families, a declining amount to middle-income families, and no benefit to upper-income families.

**1993 – Child Tax Benefit (CTB):** This benefit consolidated refundable and non-refundable child tax credits and the Family Allowance into a monthly payment based on the number of children and level of family income and provided an additional benefit to low-income working families with children later named the **Working Income Supplement (WIS)**. In 1993, federal expenditures on child benefits, including WIS, totaled \$5.1 billion.

**1998 – National Child Benefit (NCB) Supplement:** The NCB Supplement replaced the Working Income Supplement and was provided to all low-income families as part of the re-named **Canada Child Tax Benefit (CCTB)**. As its initial contribution to the NCB initiative, the Government of Canada committed to an additional \$850 million per year for the NCB Supplement. This was on top of the \$5.1 billion per year that was already provided through the CCTB.

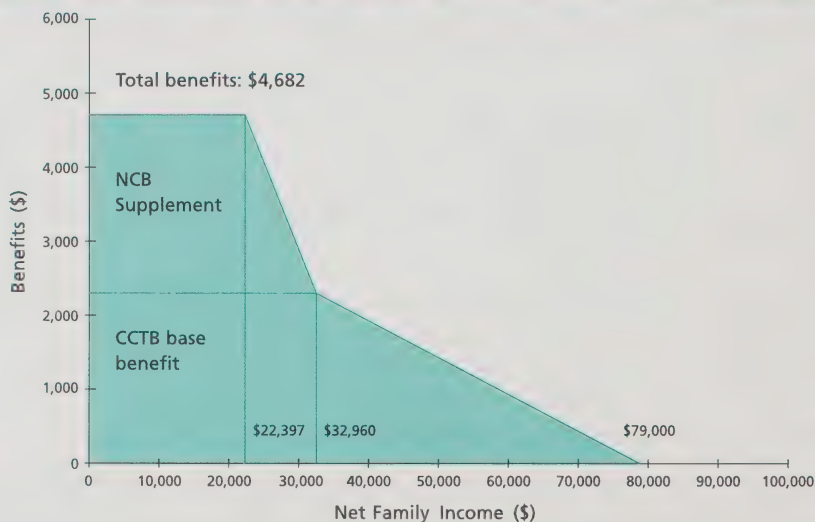
The 1998, 1999, 2000 and 2003 federal Budgets and the October 2000 Economic Statement and Budget Update provided additional investments in the NCB Supplement and the base benefit of the CCTB. As a result of these investments, the Government of Canada's expenditure on the CCTB is projected to reach over \$10 billion per year by 2007.

The CCTB system is made up of two key components: the base benefit of the CCTB and the NCB Supplement. Eligible Canadian families with children receive the base benefit of the CCTB and the NCB Supplement through a single monthly payment. The amount of the CCTB payment is based on family net income and on the number and age of the children. Figure 4 illustrates the CCTB structure for families with two children as of July 2002. As shown, between July 2002 and June 2003, families with two children and with net incomes less than \$22,397 receive a maximum level of benefits at \$4,682. Families with net incomes above \$22,397 but below \$32,960 continue to receive the maximum level of the base benefit of the CCTB but have the level of their NCB Supplement gradually reduced. Finally, those families with net incomes

above \$32,960 but below \$79,000 receive only the base benefit of the CCTB, which is gradually reduced as their income increases. Under the CCTB benefits structure, all families in receipt of the NCB Supplement receive the maximum level of the base benefit of the CCTB.

Between July 2001 and June 2002, approximately 3.2 million families with 5.8 million children received the base benefit of the CCTB, representing more than 82 percent of Canadian families with children. The NCB Supplement targets low-income families with children to provide these families with additional assistance on top of the base benefit of the CCTB. Between July 2001 and June 2002, 1.5 million families with 2.7 million children received the NCB Supplement, representing 40 percent of all Canadian families with children.

**Figure 4 – The Canada Child Tax Benefit for a Two-Child Family, July 2002-June 2003**



Note: Benefits do not include an additional benefit provided for each child less than seven years of age for whom no child care expenses were claimed. In 1996-1997, this benefit was equivalent to \$213 per child, and is scheduled to increase to \$232 per child as of 2003-2004.

## Federal Support to Low-Income Families with Children

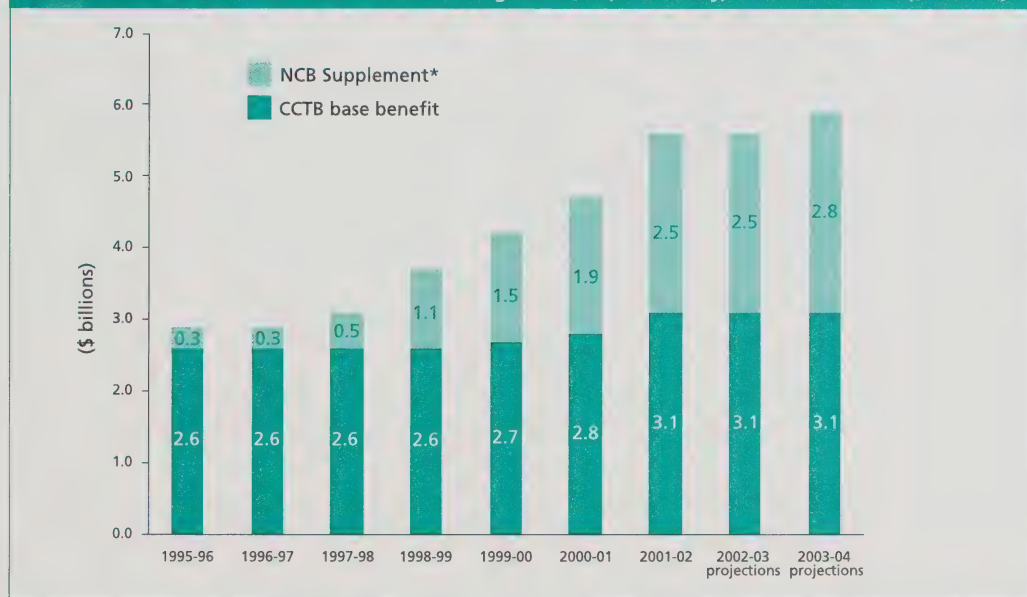
The NCB Supplement represents the Government of Canada's contribution to the NCB initiative. Figure 5 shows the value of annual federal expenditures on families who received the NCB Supplement from 1995-1996 to 2003-2004. To underscore its commitment to Canadian families with low incomes, the Government of Canada has significantly increased its investments in the NCB Supplement over this period. The federal investment has increased from \$300 million spent on the Working Income Supplement (WIS) in 1996-1997 to \$2.5 billion in the NCB Supplement in 2002-2003. Since then, federal investment in the NCB Supplement has

increased steadily and is projected to reach \$2.8 billion in 2003-2004.

In addition, the federal investment provided to low-income families through the base benefit of the CCTB has increased over this period, with \$3.1 billion projected to be provided to NCB Supplement recipients in 2003-2004, compared to \$2.6 billion in 1996-1997 (see Figure 5).<sup>12</sup>

Increases in the NCB Supplement and the base benefit of the CCTB can be attributed to two factors: the Government of Canada's commitment to protecting the real value of child benefits through full indexation of benefit levels and income thresholds, and enhancements to the NCB Supplement over and above indexation.

**Figure 5 – Annual CCTB Federal Expenditures for Families in Receipt of NCB Supplement for 1995-1996 to 2003-2004\* Program Years (June to July) in current dollars (\$ billions)**



\* Includes the former Working Income Supplement for the years 1995-1996 to 1997-1998.

Source: CCTB administrative data from the Canada Customs and Revenue Agency.

<sup>12</sup> Figure 5 does not show federal expenditures on the base benefit of the CCTB for middle-income families who do not receive the NCB Supplement. In 2001-2002, the Government of Canada invested over \$2 billion in the base benefit of the CCTB paid to 1,663,900 families with 3,066,800 children who did not qualify for the NCB Supplement. Taking total expenditures on the base benefit of the CCTB and the NCB Supplement together, the Government of Canada's support to Canadian families with children is expected to reach a total of \$8.1 billion in 2002-2003.

## ■ Federal Investment in the NCB Supplement by Province and Territory

Table 1 shows the breakdown of the federal expenditures on the NCB Supplement and the number of children who benefited by province and territory for 2000-2001 and 2001-2002. As shown in Table 1, federal expenditures on the NCB Supplement have increased from \$1.9 billion in 2000-2001 to \$2.5 billion in 2001-2002. Federal expenditures increased as a result of increases to the

level of the NCB Supplement announced in the 2000 Budget and October 2000 Economic Statement and included indexation. The net income thresholds that determine the amount of the NCB Supplement were also adjusted in July 2001 and, as a result, more families with children were eligible to receive the NCB Supplement. Table 1 also shows that the number of children who received the NCB Supplement increased between 2000-2001 and 2001-2002.

**Table 1 – Number of Children in Receipt of the NCB Supplement and Federal Expenditures (NCB Supplement and CCTB base benefits) by Jurisdiction for 2000-2001 and 2001-2002 Program Years (July to June) in Current Dollars**

Jurisdiction	July 2000 – June 2001		July 2001 – June 2002	
	Children Receiving NCB Supplement	Benefits paid (\$ millions)	Children Receiving NCB Supplement	Benefits paid (\$ millions)
Newfoundland and Labrador	53,300	\$38.2	53,900	\$50.2
Prince Edward Island	12,800	\$8.7	13,200	\$11.5
Nova Scotia	86,800	\$63.3	89,300	\$84.5
New Brunswick	70,700	\$51.0	71,800	\$67.1
Quebec	624,200	\$436.8	631,100	\$573.6
Ontario	907,700	\$645.7	932,200	\$862.7
Manitoba	130,800	\$91.0	133,600	\$123.1
Saskatchewan	128,500	\$90.4	128,300	\$119.6
Alberta	267,100	\$185.1	268,500	\$244.3
British Columbia	352,100	\$255.6	354,000	\$334.9
Nunavut*	5,800	\$4.0	6,000	\$5.7
Northwest Territories*	4,200	\$3.0	4,500	\$4.1
Yukon	2,600	\$1.7	2,500	\$2.3
<b>Total**</b>	<b>2,648,000</b>	<b>\$1,875.2</b>	<b>2,690,700</b>	<b>\$2,484.6</b>

\* The number of children receiving the benefits and the amount of benefits for July 2000 to June 2001 in Northwest Territories and Nunavut differ from those reported in the *NCB Progress Report: 2001* due to data revisions.

\*\* Includes Canadians living outside of Canada. Totals may not add due to rounding.

Source: CCTB administrative data from the Canada Customs and Revenue Agency.



## ■ Increased Federal Financial Assistance for Families with Children

Canadian families with children have benefited significantly from increases in the base benefit of the CCTB and the NCB Supplement. As Figure 6 shows, prior to July 1997, the maximum benefit for a family with two children was \$2,540. In July 1997, when

the WIS was enhanced and restructured as an interim step toward launching the NCB, the maximum benefit for a two-child family was \$3,050. Continuing increases in the NCB Supplement will allow low-income families with two children to be eligible to receive up to \$5,055 in federal child benefits by July 2003.

**Figure 6 – Maximum Levels of Federal Child Benefits for Two-Child Families for 1995-1996 to 2003-2004 Program Years (July to June) in Current Dollars**



Note: Benefits do not include an additional benefit provided for each child less than seven years of age for whom no child care expenses were claimed. In 1996-1997, this benefit was equivalent to \$213 per child, and is scheduled to be \$232 per child as of 2003-2004.

Beginning July 2003, low-income families will receive maximum annual CCTB benefits (base benefit of the CCTB and NCB Supplement) of \$2,632 for the first child, \$2,423 for the second and \$2,427 for the

third and each subsequent child,<sup>13</sup> bringing the maximum level of total federal child benefits for a family with two children to almost double that of the pre-NCB 1996-1997 levels (see Table 2).<sup>14</sup>

**Table 2 – Maximum Levels of Federal Child Benefits for 1996-1997 and 2003-2004 Program Years (July to June) in Current Dollars**

Number of Children	1996-1997 Maximum CTB+WIS	2003-2004 Maximum Base Benefit + NCB Supplement	Percentage Increase from 1996-1997 to 2003-2004
1	\$1,520	\$2,632	73%
2	\$2,540	\$5,055	99%
3	\$3,635	\$7,482	106%
4	\$4,730	\$9,909	109%

Note: Benefits do not include an additional benefit provided for each child less than seven years of age for whom no child care expenses were claimed. In 1996-1997, this benefit was equivalent to \$213 per child, and is scheduled to be \$232 per child as of 2003-2004.

<sup>13</sup> Figures are based on commitments in the 2003 federal Budget.

<sup>14</sup> Benefits do not include an additional benefit provided for each child less than seven years of age for whom no child care expenses were claimed. In 1996-1997, this benefit was equivalent to \$213 per child, and is scheduled to increase to \$232 per child as of 2003-2004.



## 4. The Provincial and Territorial Components of the National Child Benefit Initiative

The National Child Benefit (NCB) initiative includes both federal and provincial/territorial components.<sup>15</sup> The federal component is described in Chapter 3; it involves increased federal payments to low-income families with children through the NCB Supplement.

Because the NCB Supplement provides low-income families with children with additional income support, most provinces and territories have adjusted the income support they provide to children, which has made funds available for reinvestments in new and enhanced benefits and services for low-income families. Reinvestment funds comprise social assistance/child benefit savings and, in some jurisdictions, Children's Special Allowance (CSA) recoveries (see Appendix 2 for further details). Most provinces and territories reduce social assistance or child benefits by the amount of the NCB Supplement increase in order to provide funding for new or enhanced programs. The NCB initiative provides flexibility for provincial, territorial and First Nations reinvestments to target savings in programs, benefits and/or services to meet local needs and priorities.

In addition to these reinvestments, many jurisdictions are investing additional funds in benefits and services that help meet the goals of the NCB (see Appendix 2 for further details). Additional investments for First Nations are provided by Indian and Northern Affairs Canada. The resulting programs and services benefit children in low-income families whether they are employed or receiving social assistance. These

portable supports – combined with the NCB Supplement – help reduce the “welfare wall,” and aim to make it easier for families to become self-sufficient.

### The Children's Special Allowance

The Children's Special Allowance (CSA) is paid by CCRA for children who are in the care of provincial/territorial child welfare authorities. It mirrors the maximum Canada Child Tax Benefit (CCTB) payments, including the base benefit and the NCB Supplement. Jurisdictions have the option of passing on the increased NCB Supplement amount to child welfare authorities for child maintenance costs, or recovering the increase. In jurisdictions that recover the increase to the NCB Supplement, the amount is included in their reinvestment funds available for NCB initiatives.

In 2001-2002, it is estimated that \$11.4 million or 1.7 percent of the total reinvestment funds came from CSA recoveries.

For more information on the CSA, please see Appendix 2, *Provincial, Territorial and First Nations NCB Reinvestments and Investments*.

<sup>15</sup> The *NCB Progress Report: 2002* does not include data on reinvestments and investments for Quebec. All Quebec residents benefit in the same way as other Canadians from the Canada Child Tax Benefit (CCTB). Moreover, they benefit from substantial investments made by the Quebec government, in the context of its family policy, in services for families with children.

## Approaches to Replacing Social Assistance Benefits for Children

Since the inception of the NCB initiative in 1998, three distinct approaches have evolved respecting the replacement of social assistance benefits for children through the NCB. These are:

1. the social assistance offset approach;
2. the integrated child benefit approach with adjustment; and
3. the integrated child benefit approach without adjustment.

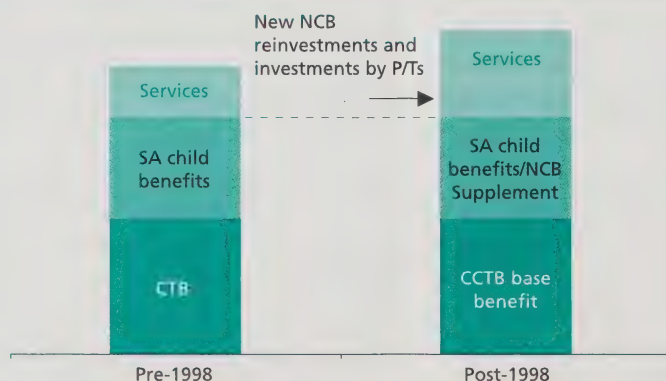
New Brunswick chose not to implement the replacement of social assistance benefits for children in the NCB initiative and flowed through the NCB Supplement directly to recipients. In the case of First Nations on reserve and Citizenship and Immigration Canada's Resettlement Assistance Program (RAP), the NCB reinvestment component mirrors jurisdictional income support programs (Chapter 5 has more information on First Nations and the NCB initiative).

Each of the three approaches is briefly explained through stylised examples below.<sup>16</sup>

### 1. The Social Assistance Offset Approach (see Figure 7)

Under this approach, provinces and territories either treat the NCB Supplement as an unearned income charge against social assistance or reduce their social assistance rates for children. In the case of income offset, social assistance recipients have the amount of the NCB Supplement they receive deducted from their social assistance entitlement. This approach is used in Prince Edward Island, Ontario, Yukon, Northwest Territories and Nunavut. Manitoba also uses this approach for a portion of its social assistance caseload.<sup>17</sup> In the case of a rate reduction, the social assistance rate is reduced by the maximum NCB Supplement. Alberta uses this approach. Each family that leaves social assistance keeps the full amount of the NCB Supplement. Reinvestment funds under this approach are the savings in social assistance.

**Figure 7 – The Social Assistance Offset Approach**



<sup>16</sup> Figures 7, 8 and 9 are for illustrative purposes only and are not drawn to scale.

<sup>17</sup> In July 2000, Manitoba stopped recovering increases in the NCB Supplement. In July 2001, Manitoba stopped recovering the NCB Supplement for children six or under. In January 2003, Manitoba stopped recovering the NCB Supplement for children eleven and under. Effective January 2004, Manitoba will stop the recovery for all children on social assistance.



**2. The Integrated Child Benefit Approach with Adjustment (see Figure 8)**

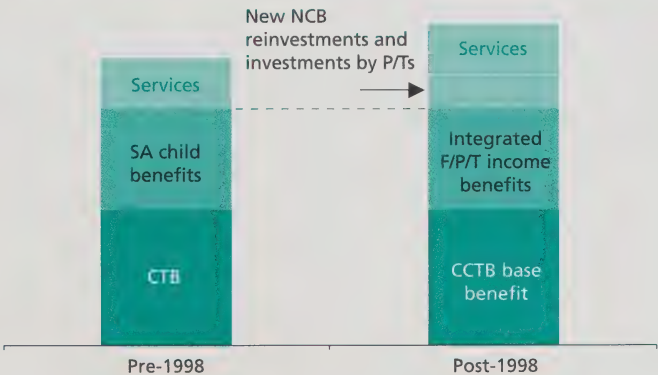
Some jurisdictions have chosen to restructure their social assistance system to pay children's benefits through a separate income-tested child benefit program that is integrated with the CCTB system. Under this approach, increases in the NCB Supplement are offset in full or in part against the provincial child benefit. The savings from this offset become the province's reinvestment funds. Saskatchewan and British Columbia have adopted this approach.

**3. The Integrated Child Benefit Approach without Adjustment (see Figure 9)**

Some jurisdictions have chosen to restructure their social assistance system to pay children's benefits

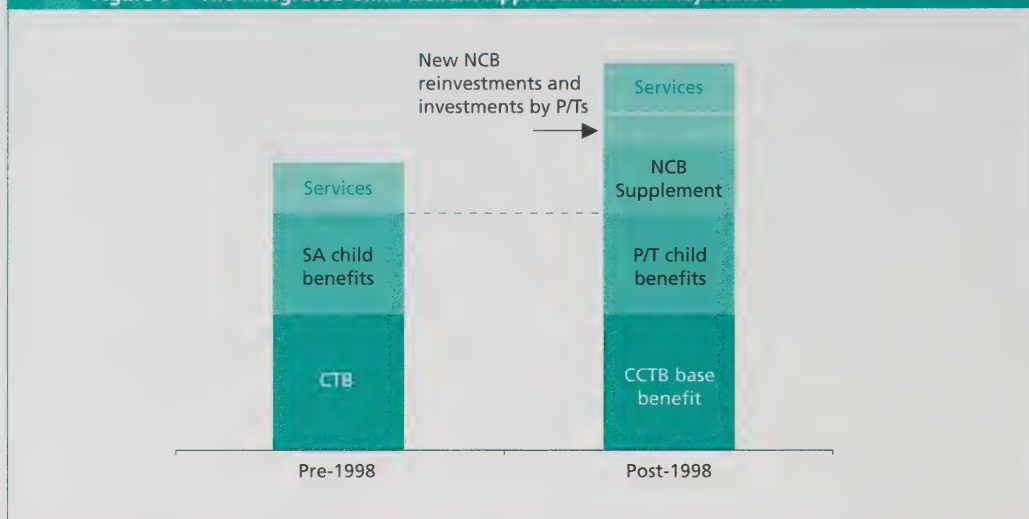
through income-tested child benefit programs but not to offset NCB Supplement increases against these provincial child benefits subsequent to restructuring. In these jurisdictions, the amount of the NCB Supplement was used to offset the amount of child benefits previously paid through social assistance, so that there was no overall change in the level of child benefits. For these jurisdictions, reinvestment funds represent the estimated amount of "fixed" savings to the jurisdiction since the introduction of the NCB (including the savings from restructuring) carried forward on an annual basis. Newfoundland and Labrador and Nova Scotia have adopted this approach.

**Figure 8 – The Integrated Child Benefit Approach with Adjustment**





**Figure 9 – The Integrated Child Benefit Approach without Adjustment**



### ■ NCB Reinvestments and Investments in 2001-2002 and 2002-2003

In 2001-2002 – the third full year of the NCB initiative – provincial, territorial and First Nations reinvestments and investments are estimated to be a total of \$692.4 million. In 2002-2003, reinvestments and investments are estimated to reach a total of \$777.0 million.

Table 3 provides a breakdown of each jurisdiction's expenditures over three full fiscal years of the initiative. While Table 3 provides actuals for 2000-2001, estimates are given for 2001-2002 and 2002-2003 as actual administrative data are not finalized for many provinces and territories.

In deciding what benefits and services to support through NCB reinvestments and investments, provinces and territories are guided by a National Reinvestment Framework that was agreed to by the Ministers Responsible for Social Services. Under this framework, jurisdictions have the flexibility to make

reinvestments and investments to their own priorities and needs, provided they support the objectives of the NCB initiative.

Many provinces, territories and First Nations base their reinvestment decisions on consultation with their residents, or are including such consultation as part of an overall redesign of their income support programs.

The Reinvestment Framework means reinvestments and investments are providing new or enhanced supports for low-income families in five key areas:

- child benefits and earned income supplements;
- child/day care initiatives;
- early childhood services and children-at-risk services;
- supplementary health benefits; and
- other NCB benefits and services.

**Table 3 – NCB Reinvestments & Investments, by Jurisdiction (\$ millions)**

Jurisdiction	Expenditures		Estimates		Estimates	
	2000-2001		2001-2002		2002-2003	
	Reinvestment	Reinvestment & Investment (Total)	Reinvestment	Reinvestment & Investment (Total)	Reinvestment	Reinvestment & Investment (Total)
Newfoundland and Labrador	6.8	16.7	7.0	17.2	7.0	19.2
Prince Edward Island	1.8	1.8	2.1	2.6	2.3	2.8
Nova Scotia	21.7	21.7	20.4	29.5	20.0	31.0
New Brunswick	0.0	6.9	0.0	7.2	0.0	8.7
Ontario <sup>1</sup>	166.7	207.1	191.6	219.2	202.1	257.4
Manitoba <sup>2</sup>	17.0	30.7	12.1	32.5	9.7	37.5
Saskatchewan	29.0	35.8	38.0	39.6	41.2	41.4
Alberta	31.3	32.1	28.7	33.5	33.2	42.5
British Columbia	176.3	176.3	245.8	245.8	277.4	277.4
Yukon	0.2	0.6	0.3	0.6	0.3	0.6
Northwest Territories	0.7	2.1	0.8	2.2	0.8	2.2
Nunavut	2.3	2.8	2.5	2.6	2.6	2.6
<b>P/T SUB-TOTAL</b>	453.7	534.5	549.1	632.4	596.4	723.2
First Nations	50.2	54.3	51.4	57.2	43.6	51.9
Citizenship and Immigration Canada <sup>3</sup>	2.3	3.8	2.1	2.9	1.7	1.9
<b>"Other" SUB-TOTAL</b>	52.6	58.1	53.5	60.0	45.4	53.8
<b>Total</b>	506.2	592.6	602.6	692.4	641.8	777.0

<sup>1</sup> Figures exclude an additional \$40 million previously committed to the Ontario Child Care Tax Credit.

<sup>2</sup> Funding for Manitoba's Child Day Care program and Early Childhood/ Children-at-Risk Services is provided through remaining NCB Supplement recoveries, federal Early Childhood Development transfers (\$11.1 million in 2001-2002 and \$14.8 million in 2002-2003) and provincial revenue.

<sup>3</sup> CIC administers the Resettlement Assistance Program (RAP) for refugees.

Note: The expenditures for 2000-2001 in all jurisdictions may differ from those reported in the *NCB Progress Report: 2001* due to data revisions. Totals may not add due to rounding.

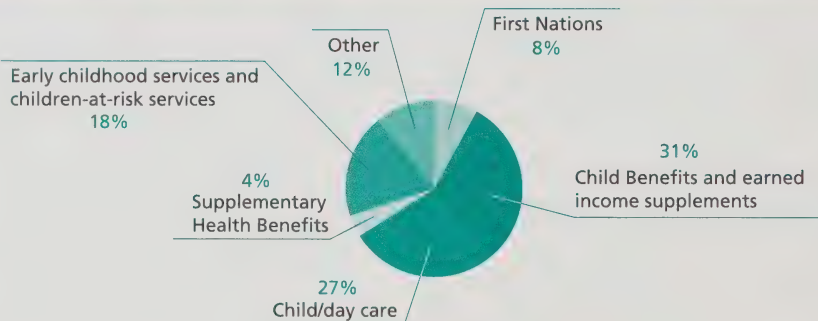
Citizenship and Immigration Canada (CIC) administers the Resettlement Assistance Program (RAP), which provided refugees with \$36.1 million in income support in 2001-2002, reflecting the amounts that jurisdictions provide through social assistance. This includes \$2.9 million which is the NCB reinvestment component of the RAP program. CIC investments are included in two of the five key areas of investments and reinvestments: child benefits and earned income supplements and other NCB programs, benefits and services. (Further details on provincial, territorial and First Nations reinvestments and investments are provided in Appendix 2.)

First Nations follow a reinvestment framework administered by Indian and Northern Affairs Canada

(INAC). First Nations reinvestments and investments tend to cover a wider range of program areas than their provincial and territorial counterparts, and address the local needs of their communities. First Nations reinvestments and investments fall into five main areas: child/day care; child nutrition; early child development; employment opportunities/training programs; and community enrichment.

First Nations reinvestment and investment amounts, which in 2001-2002 constituted approximately 8.3 percent of total reinvestments and investments, are not included in the discussion below. Instead, details on First Nations programs and services are provided in Chapter 5, *First Nations and the NCB Initiative*, and Appendix 2, *Provincial, Territorial and First Nations NCB Reinvestments and Investments*.

**Figure 10 – Summary of NCB Reinvestments and Investments, by Program Area, 2001-2002 Estimates**



\*The Resettlement Assistance Program (RAP), administered by Citizenship and Immigration Canada (CIC), is included in "child benefits and earned income supplements", and "other".

## ■ Child Benefits and Earned Income Supplements

Child benefits and earned income supplements provide important financial support to low-income families through monthly cash payments to the parent or guardian of the child. Increasingly, provinces and territories are providing these benefits outside of the social assistance system, so that families receive child benefits independently of the parents' employment situation. These child benefits are provided in a number of ways (e.g., the Newfoundland and Labrador Child Benefit, the BC Earned Income Benefit, and the Nunavut Child Benefit/Territorial Workers' Supplement). These benefits improve the financial stability of low-income families by helping make up for relatively low wages that often come with entry-level jobs, and making it possible for parents to stay in the labour market and work toward higher wages in the future.

Several provinces have completely restructured their social assistance systems so that they now provide child benefits to all low-income families with children, including those on social assistance. As a result, families in these provinces keep their provincial child benefits – in addition to the NCB Supplement – when parents make the transition from social assistance to work. Several other jurisdictions provide child benefits that top up the amount that families receive through social assistance in support of their children. In most of

these cases, the provincial or territorial child benefit is combined with the federal CCTB in a single monthly payment, which is administered by Canada Customs and Revenue Agency (CCRA).

Some jurisdictions also provide low-income working families with an earned income supplement in order to provide incentives to work. Eligibility is tied to earning a certain minimum amount from employment. Earned income supplements top up family-earned income for low-wage earners, helping families to cover the added costs of employment.

In 2001-2002, child benefits and earned income supplements accounted for the largest share of NCB reinvestments and investments. Table 4 illustrates the level of this activity in 2000-2001 and provides estimates for 2001-2002 and 2002-2003.

## ■ Child/Day Care Initiatives

Child care must be accessible and affordable so that low-income parents can enter and stay in jobs. Improving access to affordable child care provides this opportunity and contributes to healthy child development.

Provincial/territorial NCB reinvestments and investments in child care have taken a variety of forms, with eight jurisdictions plus CIC devoting NCB funding to this area. In 2001-2002, child/day care has accounted for the second largest share of NCB initiative funding. About 75 percent of the total

**Table 4 – Child Benefits and Earned Income Supplements – NCB Reinvestments and Investments (\$ millions)**

	2000-2001 Expenditures	2001-2002 Estimates	2002-2003 Estimates
<b>Provincial/territorial &amp; CIC expenditures</b>	161.1	212.1	214.4
<b>Percentage of total NCB reinvestments &amp; investments</b>	27.2%	30.6%	27.6%



NCB-related child/day care funding is for a single program – Ontario's Child Care Supplement for Working Families.

Some jurisdictions provide funding through subsidies to child care facilities. These subsidies allow facilities to offer low-income working families access to child care at a more affordable price. Other jurisdictions provide assistance directly to families. This reduces families' share of child care costs while allowing them to choose the form of child care that best meets their needs. Some jurisdictions combine both approaches. Each of these forms of support is designed to help low-income families cover the additional costs of child care that result from being employed. Table 5 provides data on child/day care reinvestments and investments.

## ■ Early Childhood Services and Children-at-Risk Services

Experts on child development agree that the first six years of life are critical to a child's development and future well-being. Several jurisdictions are focusing NCB reinvestments and investments on services that

provide early support to children in low-income families in order to optimize child development and give young children a healthy start in life. These programs range from prenatal screening to information on mother and child nutrition and parenting skills.

In addition to providing early childhood services, these programs are also valuable in providing children and youth at risk with support to help them develop in positive directions. Children-at-risk services, ranging from early literacy classes to recreation programs and youth community programs, can make a positive difference in the lives of these children.

Programs in this key area accounted for the third largest share of NCB initiative funding for the last three years. This area of investment has grown the most of all categories in terms of the number of jurisdictions investing in it – increasing from six jurisdictions to eleven jurisdictions over the four years of the NCB. Table 6 provides reinvestment and investment data on early childhood services and children-at-risk services.

**Table 5 – Child/Day Care – NCB Reinvestments and Investments (\$ millions)**

	2000-2001 Expenditures	2001-2002 Estimates	2002-2003 Estimates
<b>Provincial/territorial expenditures</b>	197.4	188.0	228.7
<b>Percentage of total NCB reinvestments &amp; investments</b>	33.3%	27.2%	29.4%

**Table 6 – Early Childhood Services and Children-at-Risk Services – NCB Reinvestments and Investments (\$ millions)**

	2000-2001 Expenditures	2001-2002 Estimates	2002-2003 Estimates
<b>Provincial/territorial expenditures</b>	91.7	128.0	159.9
<b>Percentage of total NCB reinvestments &amp; investments</b>	15.5%	18.5%	20.6%



## ■ Supplementary Health Benefits

Supplementary health benefits include a range of benefits that go beyond basic Medicare coverage, such as optical care, prescription drugs, dental care, or other benefits. The nature of these benefits varies among jurisdictions, many of which have long provided similar benefits to families receiving social assistance. Now, NCB reinvestments and investments in some provinces and territories are providing these benefits to all children in low-income families.

These programs ensure that families do not lose important health benefits for their children when they move from social assistance to the labour market.

The health benefits that are provided as NCB reinvestments and investments vary among jurisdictions. Alberta's Child Health Benefit is the largest of these in the country, making up about 68 percent of the total amount being spent on this type of NCB program across Canada.

Supplementary health benefits have grown since the beginning of the NCB, with six jurisdictions

implementing these programs in 2001-2002.

Table 7 provides data on these supplementary health benefits.

## ■ Other NCB Programs, Benefits and Services

The flexibility of the NCB enables provinces and territories to address particular challenges facing their jurisdictions. Seven jurisdictions plus CIC have investments in this category of "other" benefits and services.

Ontario municipalities, which share responsibility for social assistance with the province, provide a wide array of reinvestment and investment programs and services. These range from early intervention and child care to employment supports and prevention programs. Other reinvestments and investments account for the fourth largest share of NCB initiative funding.

Table 8 shows the level of expenditures in this category for 2000-2001, with estimates for 2001-2002 and 2002-2003.

**Table 7 – Supplementary Health Benefits – NCB Reinvestments and Investments (\$ millions)**

	2000-2001 Expenditures	2001-2002 Estimates	2002-2003 Estimates
<b>Provincial/territorial expenditures</b>	22.6	25.6	27.8
<b>Percentage of total NCB reinvestments &amp; investments</b>	3.8%	3.7%	3.6%

**Table 8 – Supplementary Health Benefits – NCB Reinvestments and Investments (\$ millions)**

	2000-2001 Expenditures	2001-2002 Estimates	2002-2003 Estimates
<b>Provincial/territorial &amp; CIC expenditures</b>	65.5	81.6	94.3
<b>Percentage of total NCB reinvestments &amp; investments</b>	11.1%	11.8%	12.1%





## 5. First Nations and the National Child Benefit Initiative

In the 2002 *Speech from the Throne*, the Government of Canada reaffirmed its commitment to address the relative social and economic disadvantages experienced by many Aboriginal people. Specifically, the *Speech from the Throne* outlined Canada's commitment to improve health, combat poverty and close the gap in life chances for Aboriginal children and to support the preservation of cultural identity.

As population growth in First Nation communities continues to outpace Canadian population growth, Aboriginal people continue to experience social and economic disparity when compared to other Canadians. In response to this disparity, the federal government is working to ensure that Aboriginal people have the same opportunities enjoyed by all Canadians. By partnering with First Nations on the reinvestment component of the NCB, the Government of Canada is helping to realize the shared goal of improving the quality of life of Aboriginal peoples, especially children.

This chapter outlines how First Nations and the federal government are working together to address the needs of low-income families on reserve through First Nations NCB reinvestments. The chapter explains how First Nations implement NCB reinvestments, including the types of activity areas in which reinvestments occur and it describes how the progress of the NCB reinvestment is being monitored.

### ■ First Nations and the Reinvestment Component of the National Child Benefit

Approximately 600 First Nations across the country participate in the NCB. Each plays a significant role in the implementation of the NCB as they design

their own reinvestment projects. Similar to provincial and territorial governments, First Nations that deliver social assistance have the flexibility to reinvest savings from adjustments made through social assistance in programs and services tailored to meet the needs and priorities of the individual community.

The programs implemented by First Nations vary from community to community and cover a wide range of program areas. This is because First Nations tailor their reinvestments to meet the specific needs of their individual communities and NCB reinvestment amounts available to First Nations vary according to the size and population of the community. First Nations living in a province or territory may focus on different areas for reinvestment, but the formula for calculating the amount available for reinvestment will be the same for others in the same province or territory. Communities address local priorities for low-income families with children to design and implement projects which address community needs and are consistent with the goals of the NCB.

In many First Nations communities, reducing the depth of child poverty and creating an attachment to the workforce is intimately linked to increasing self esteem and self awareness, and fostering a sense of cultural pride. These include community enrichment activities like raising awareness of cultural traditions and youth engagement. Given the significant impact that a specifically designed activity can have on a small population, the NCB reinvestment component aims to provide a sense of community ownership. For example, if a community aims to teach its young people about nutrition and the importance of a healthy breakfast to begin the day, corresponding nutrition and school breakfast or lunch programs

could be established through the NCB to meet this goal. In other instances, communities have initiated new programs with NCB funds that otherwise would not have been possible.

NCB reinvestment programs for First Nations fall into five broad activity areas:

**Child/Day Care** – Enhancement of day care facilities and the provision of childcare services which allow more families with low incomes to gain access to day care spaces, or to have their share of child care costs reduced. Child/day care reinvestments include enhancements to existing day care centres and child care for children of parents on employment/training programs.

**Child Nutrition** – Improving health and well being of children by providing school meal programs as well as education to parents on family nutrition and meal preparation. Some examples include: educational programs aimed at nutrition; food hampers; and meal programs (hot lunches, breakfasts and snacks) provided in school.

**Early Child Development** – Early intervention for parents to help their children with a healthy start in life. Some examples include parenting skills programs and drop in centres for parents.

**Employment Opportunities/Training Programs** – Directed at increasing the skill level of individuals with children and thereby increasing their chances of obtaining work. Examples include employment and skills development, youth summer work programs, and personal development workshops.

**Community Enrichment** – This activity area addresses more intangible and qualitative child development objectives by funding programs and services in the area of cultural teachings (art, music, or storytelling), recreational activities, peer support groups, or groups which bring together community Elders and adolescents. This activity area can also include funding for parenting, family, and community supports, such as life skills, financial management, clothing exchanges, or cultural celebrations.

A recently completed review of First Nation NCB reinvestment data shows that First Nations have identified child nutrition and cultural enrichment initiatives as priorities for NCB reinvestments.

Through the Nutrition reinvestment area of the NCB, First Nations were able to provide school meal programs as well as education to parents on family nutrition and meal preparation.

Table 9 shows the total First Nations NCB reinvestments and investments since the program was implemented in 1998.

Table 9 – First Nations NCB Reinvestments and Investments since 1998\*

Year	Total (\$ millions)
1998–1999	\$30.5
1999–2000	\$50.2
2000–2001	\$54.3
2001–2002	\$57.2
2002–2003	\$51.9 (estimate)

\* Some expenditures differ from those reported in the *NCB Progress Report: 2001* due to data revisions.

**Table 10 – Families and Children on Reserve Benefiting from NCB Reinvestments in 2001-2002<sup>18</sup>**

Region	Families	Children
Yukon	250	506
British Columbia	15,125	26,088
Alberta	8,218	22,273
Saskatchewan	3,117	9,598
Manitoba	6,662	16,444
Ontario	4,500	9,713
Quebec	4,379	9,610
Atlantic	683	1,086
<b>Total</b>	<b>42,934</b>	<b>95,318</b>

Table 10 shows the number of children and families who benefited from NCB reinvestments in 2001-2002.

## ■ Evaluating the First Nations National Child Benefit

First Nation communities further the goals of the NCB through the provision of programs and services to low-income families and children that improve current and future conditions of life by facilitating their greater participation in the social, economic, and cultural life of the community.

First Nations also used a significant amount of NCB reinvestment funds for a variety of cultural enrichment activities. These included traditional arts and crafts instruction for children and youth, traditional dance classes and events with community Elders.

### **Interim Evaluation:**

In order to assess NCB reinvestments being implemented in First Nations communities, an

interim evaluation process was begun in 2001. The cooperative process emphasized the working relationship between Indian and Northern Affairs Canada (INAC) and First Nations and surveyed 10 First Nations across the country.

Data was collected from a number of sources, including but not limited to: site visits to eight First Nation communities in four regions, a dialogue circle in each community, interviews with chiefs and council members, interviews with 28 key informants, and two case studies of communities that exemplify best practices in data collection and reporting. The process produced a report as an *Interim Evaluation of the NCB for First Nations*.

The evaluation highlighted three key themes of the reinvestment component: flexibility for First Nations in programming; First Nation ownership of the program; and the importance of reporting. The evaluation report contained several recommendations to improve the reinvestment component for First Nations according to each of the main evaluation issues below.

<sup>18</sup> Some families benefit from multiple community projects. Therefore, it is possible the number of families and children may include duplicates.



## **Implementation**

The evaluation found that some disagreement exists regarding the nature and extent of INAC involvement in the delivery of programs funded under the NCB. Departmental personnel reported that regional offices and First Nations work closely in designing, implementing, and tracking initiatives. First Nation respondents tended to report that INAC involvement is minimal in these areas. The reality appears to be somewhere in the middle, as INAC focuses on communication of policy, program guidelines, and reporting requirements. Ensuring that the roles and responsibilities of each of the stakeholders are clearly defined can lead to improvements in many areas, including program design and reporting.

### **Consistency of Programs with NCB Objectives**

First Nations perceived the reduction of child poverty as the most relevant objective, and most of the programs are completely consistent with that objective. Some of the programs examined are consistent with the labour force attachment objective, but this type of program is less common. The third objective (elimination of program overlap and duplication) is not given a great deal of attention by First Nations, since most of the programs are aimed specifically at the largest gaps between existing programs and services.

During the evaluation, it was suggested that some communities have taken varying approaches when defining the scope of their NCB reinvestments. For example, some communities have focused on projects which benefit the greatest number of low-income families with children, such as providing breakfast for a hungry child, whereas others have chosen to contribute to the specialized development of a more select group. The guiding principle is the community's ability to use their reinvestments to further the objectives of the NCB. However, it is not

apparent that all First Nations have developed such a rationale for each of their reinvestments. Especially when programs existed prior to the NCB, the lack of such rationales can create the impression that the reinvestments are simply another source of funding for social programming, not a unique venture designed to improve the well-being of children.

## **Reporting**

According to data reported by the Department, one-third of First Nations are not meeting the minimum reporting requirement of an annual one-page report. This suggests that there are systemic obstacles to reporting that should be addressed. Evidence exists that reporting rates vary by region, but no specific data on regional variance currently exist. Key informants believe that the type and amount of data being requested are sufficient; the problem appears to be that the data actually being supplied are insufficient.

### **Program Outcomes**

Short-term, concrete effects are evident among the children and families who have participated in activities funded by NCB reinvestments. Low-income families in general derive benefits from NCB projects, and some anecdotal reports exist of broader community benefits stemming from the reinvestment projects. The evaluation has reported on creative approaches to projects that show the potential, if properly documented, to become examples of best practice. At this point, however, there is little reliable information regarding outcomes, impacts, best practices, or lessons learned from reinvestment projects. It should be noted that identifying indicators and evaluating outcomes are among the most challenging areas of program evaluation. While it is logical to include these two components (outcomes and indicators) in a self-evaluation process, they undoubtedly create high expectations

that have yet to be met. It would be to the advantage of both INAC and First Nations to review these sections and agree on a more achievable approach to documenting project outcomes.

### ***Program Effectiveness/Efficiency/ Outcomes***

A number of federal programs targeted to First Nations have similar general goals to the NCB reinvestments, but none use the same approach. In general, there appears to be little interaction among these separate programs. Exceptions are found among the regions that were visited where interaction and coordination exist among programs intended to address child poverty and attachment to the labour force. This is the essence of the third NCB objective; even though few respondents see this goal as particularly relevant, it was found that in some cases programs reach a high level of coordination. These initiatives, if systematically identified and publicized, provide an important model for other First Nations.

### ***Conclusion of the Interim Evaluation***

The NCB for First Nations is an important program and is part of the most important initiative to support children ever mounted in Canada. In the

report, the implementation of the NCB for First Nations was reviewed. In general, the program was found to be effectively implemented, and, based on key informant information, it has made a valuable contribution to the well-being of children in First Nation communities. The next phase of implementation presents a key challenge for INAC and First Nations to create a reporting process that will identify outcomes and best practices. It was suggested that a process of thematic and cluster evaluations offers the best option for tracking the progress of the NCB for First Nations.

A more detailed summary of the Interim Evaluation of the NCB for First Nations will be published in the First Nations NCB report for 2001-2002, which is scheduled for release by INAC in 2003.

### **■ *Additional Federal Investments in the NCB***

In addition to the First Nations reinvestment component of the NCB initiative, INAC reimburses provinces and territories for integrated child benefits paid to low-income families with children who are ordinarily resident on reserve. This is the case in Saskatchewan and the Yukon.





## 6. Monitoring Progress – Societal Level Indicators

Federal, provincial and territorial governments are committed to monitoring and reporting on the National Child Benefit (NCB) initiative in accordance with the NCB Governance and Accountability Framework.<sup>19</sup> This commitment is essential so that Canadians can be informed on the NCB's progress toward meeting its three goals.

This chapter focuses on societal level, or general outcome, indicators that are affected by the NCB and also affected by many factors that are unrelated to the NCB, such as government investments in

income transfers, changes in tax policy, the general level of economic activity, or changes in demography. Changes in the NCB initiative would also influence these indicators. However, no attempt is made to isolate the impact of the NCB on these trends. Instead, the indicators reported on in this chapter paint a broad picture of the condition of low-income families with children in Canada and provide a basis for comparison on the progress made over time. Chapter 7 will describe and report on outcome indicators, which identify the direct impact of the NCB on families with children.

### Measuring Low Income

Canada does not have an official poverty line. Several different measures of low income are used in Canada and in recent years there has been considerable debate about the best way to measure it. Some believe low income means lacking enough income to buy the basic necessities of life, such as food, shelter and clothing. Others believe that it means not having enough income to participate fully in one's community. Still others believe that low income lies somewhere in between.

The two most widely used indicators of low income in Canada are Statistics Canada's Low-Income Cut-Offs (LICOs) and the Low-Income Measure (LIM). Both establish a dollar figure below which a family is considered to be living on low income. They can be reported based on total income (i.e., income including government transfers such as the Canada Child Tax Benefit, before the deduction of income taxes) known as pre-tax, or after-tax income (i.e., total income after the deduction of income taxes) known as post-tax. As well, there is the Market Basket Measure (MBM), which is now available.

Both pre- and post-tax LICOs are set according to the proportion of annual income spent on basic needs, including food, shelter and clothing. The LICO line is the income level at which the average family with that income spends 20 percentage points more of its income on these items relative to the average family. In this case, the family falls beneath the LICO line. The size of the family and community is taken into account, but geographic differences in the cost of living are not.

*continued next page...*

<sup>19</sup> The NCB Governance and Accountability Framework can be found on the NCB website, at: [www.nationalchildbenefit.ca](http://www.nationalchildbenefit.ca).

The LIM was developed as an alternative to the LICOs. It considers a family to be living on low income if its income, adjusted for family size, is less than half the median income (the income level at which the incomes of half of all families are higher and half are lower). The post-tax-and-transfer LIM is similar to measures used in international comparisons, but it does not reflect geographic differences in living costs across Canada.

This year the NCB Progress Report will focus on post-tax LICOs rather than pre-tax LICOs, as in previous years. This change in focus is partly a consequence of a change in the reporting focus to post-tax LICOs of the Survey of Labour and Income Dynamics (SLID), the primary data source for most of the indicators in this report. More importantly, however, post-tax income is generally considered to be a better measure of low-income in Canada<sup>20</sup> for two reasons. First, post-tax income more fully accounts for the re-distributive impact of Canada's tax system. Pre-tax income includes the effect of government transfers but not taxes. But post-tax income refers to the income available to a family after both government transfers and taxes. Secondly, since the purchase of necessities is made with after-tax dollars this approach more fairly and consistently measures the economic well-being of individuals and families. Consequently, indicators based on post-tax LICOs are better indicators of the impact of government initiatives like the NCB on the overall economic well-being of Canadian families with children.

While the focus has shifted to post-tax LICOs, this chapter continues to include information on the pre-tax LICOs and the post-tax LIM. These various measures are used to follow trends relating to the low-income population, such as the depth and incidence of low income, by family type and source of income. The numbers of families living in low income differ from measure to measure, but the trends illustrated are very similar. Statistical trends and impact results, based on pre- and post-tax LICOs and post-tax LIMs, can also be found on the NCB initiative website at [www.nationalchildbenefit.ca](http://www.nationalchildbenefit.ca).

The measures used in this chapter only indicate trends among Canadian families with children in terms of income. However, many other investments in benefits and services introduced under the NCB initiative contribute to improving the well-being of children and their families. Many provincial and

territorial NCB programs, benefits and services, such as supplementary health benefits, child/day care, early childhood and children-at-risk services, do not directly affect income trends but are still an important part of governments' strategies to support Canadian families.

<sup>20</sup> Statistics Canada, *Income in Canada, 2000* (Ottawa: 2002) Catalogue 75-202-XIE, p. 89.



**Table 11 – Outcome Indicators for the NCB**

GOALS	SOCIETAL LEVEL INDICATORS	DIRECT OUTCOME INDICATORS
Help prevent and reduce the depth of child poverty.	<p>Depth of low income (dollar and percentage)</p> <ul style="list-style-type: none"> <li>Additional amount of income a low-income family would need to reach a pre-determined line (as measured by the LICOs, LIM and Market Basket Measure.</li> </ul>	<p>Depth of low income</p> <ul style="list-style-type: none"> <li>The change in the aggregate amount of income that low-income families would need to reach a pre-determined line, due to NCB benefits, within a year.</li> </ul>
	<p>Incidence of low income</p> <ul style="list-style-type: none"> <li>Number and percentage of families and children living in low income (as defined by the LICOs, LIM and Market Basket Measure.</li> <li>Number of families/children on social assistance.</li> </ul>	<p>Incidence of low income</p> <ul style="list-style-type: none"> <li>The change in the number of families and children that fall below the low-income line, because of the NCB, within a year.</li> </ul>
	<p>Duration of low income</p> <ul style="list-style-type: none"> <li>Number and percentage of families and children who have been on low income during all four previous years.</li> </ul>	Not applicable
Promote attachment to the labour market by ensuring that families will always be better off as a result of working.	<p>Labour market participation</p> <ul style="list-style-type: none"> <li>Number and percentage of earners in families below the low-income line.</li> <li>Average earned income of low-income families as a percentage of the low-income line.</li> <li>Average earned income of low-income families, over time, expressed in constant dollars.</li> </ul>	<ul style="list-style-type: none"> <li>The change in the difference in disposable income between social assistance and employment due to the NCB, within a year.</li> <li>The change in social assistance caseloads, exit rates and duration of spells on assistance due to the NCB.</li> </ul>
Reduce overlap and duplication by harmonizing program objectives and benefits and simplifying administration.	<p><i>Level 1</i> – use of federal income tax system to deliver benefits.</p> <p><i>Level 2</i> – participation rates in NCB programs, examples of expanded information-sharing agreements.</p> <p><i>Level 3</i> – surveys of managers and other key informants (monitored as part of the NCB evaluation).</p>	Not applicable

## The Market Basket Measure

The Market Basket Measure (MBM) is a new tool that will provide a different way of understanding low income.<sup>21</sup>

The MBM was developed by Human Resources Development Canada in consultation with a Federal/Provincial/Territorial Working Group of officials on Social Development Research and Information. This work was initiated in 1997 when Federal, Provincial and Territorial Ministers Responsible for Social Services asked officials to explore whether a new tool could be developed to complement existing measures of low income trends for families with children.

The MBM will be used to complement the LICOs and the LIM to assess low-income trends among families with children. The LICOs and the LIM are relative measures: the former is based on average consumption patterns and the latter is set at half of median income, adjusted for household size and composition. The MBM identifies disposable income levels that are required to purchase a transparent basket of goods and services in various communities across Canada.

The MBM is based on the actual cost of food, clothing, shelter, transportation and other necessary goods and services, such as household supplies and telephone services, that are widely viewed as unacceptable for any household to be without. Households are considered to be living in low income if they are unable to purchase this basket of goods and services after accounting for income and payroll taxes and out-of-pocket spending. This out-of-pocket spending includes such items as child care necessary to earn income, medically prescribed health expenses and aids for persons with disabilities.

Compared with the LICOs and the LIM, the MBM is a more precise reflection of differing living costs by geographic location.

Data has been collected for the MBM for 2000. This allows the calculation of the incidence and depth of low income. The incidence of low income refers to the number of families with children whose disposable falls below a pre-determined low-income threshold expressed as a percentage of all families with children. Using the MBM, the incidence of low income among Canadian families with children was 15.2 percent in 2000. This translates into 586,000 families with 1,164,000 children. The depth of low income measures how far family income falls below a given low-income threshold. Using the MBM, the depth of low income for families with children was 26.6 percent.

<sup>21</sup> The income data for the MBM are from Statistics Canada's Survey of Labour and Income Dynamics (SLID) which is not currently administered in Nunavut, the Northwest Territories and the Yukon. Consequently, for the year 2000 data, Statistics Canada was not able to provide reliable income estimates for persons living in these three jurisdictions, nor was it able to produce reliable estimates for the cost of some components of the basket in the Territories. For these reasons, the MBM cannot currently be applied in the Territories. Work is underway to capture income and pricing data from the Territories.

The key trends from the societal level indicators (using post-tax LICOs) for low-income families with children include:

- The number of families with children living in low income continues to decline. The incidence of low income among families with children dropped from a peak of 15.8 percent in 1996 to 12.5 percent in 1999. In 2000, the incidence of low income continued to decline to 11.4 percent. This represents a reduction in the number of families with children living below the post-tax LICO from 616,400 in 1996 to 439,900 in 2000, or a decline of 176,500 families.
- The number of children living in low-income families has declined from a peak of 1,174,800 in 1996 to 867,600 in 2000, or a decrease of 307,200 children.
- There is continuing moderate improvement in the income situation of low-income families with children. The depth of low income (which is the additional amount of income needed by low-income families to reach the low-income line) declined by 3.2 percent between 1996 and 2000. Expressed in 2000 dollars, the average depth of low income was \$6,632 in 2000 compared to \$6,848 in 1996.
- Duration of low income among families with children is declining. The number of children living in low income four years in a row declined from 6.5 percent between 1996 and 1999 to 5.1 percent between 1997 and 2000.
- There is a reduction in dependence on social assistance among families with children and corresponding evidence of increasing attachment

to the labour force. The total social assistance caseload for families with children declined by 49 percent, from 631,900 to 319,700 families between 1996 and 2002. The proportion of low-income families in which at least one parent was employed for pay during the year increased from 57.0 percent in 1996 to 66.0 percent in 2000.

## ■ The SLID Database

The analysis in this chapter and Chapter 7 is based on data from Statistics Canada's Survey of Labour and Income Dynamics (SLID). The SLID is a longitudinal labour market and income survey begun in 1993 as a replacement to the Survey of Consumer Finances. The SLID has a number of advantages and limitations which affect the quality of the analysis presented in this report.

A major and unique advantage of the SLID for the analysis in this report is that it allows for an ongoing analysis of the NCB initiative. As a longitudinal income survey, the SLID permits an assessment and comparison of the impacts of the NCB initiative on particular individuals over time. The SLID is designed to track the economic well-being of Canadians within a shifting economic environment.<sup>22</sup> The depth of information available in the SLID permits the impact of the NCB initiative to be assessed in isolation from other changes affecting individuals and families, such as changes in paid work, family makeup, receipt of other government transfer payments and other factors.

However, the SLID database also has a number of limitations. The SLID tends to underreport social assistance benefits because of non-reporting of these

<sup>22</sup> Lavigne, Mylène and Sylvie Michaud, "General Aspects of the Survey of Labour and Income Dynamics" (Ottawa: Statistics Canada, December 1998).

benefits by some low-income families. This results in an overestimation of the number of low-income families that are working and therefore could bias upward the total impact of the NCB initiative. The SLID also overestimates the length of time that families spend on social assistance. The SLID assumes that a family receives social assistance for an entire year, even if that family received social assistance for only part of the year. Recent studies<sup>23</sup> have shown that movements in and out of social assistance within a year are significant. As a result, the SLID database overestimates the total amount of the NCB initiative adjustments to social assistance benefits made by provincial and territorial governments and results in an underestimation of the total impact of the NCB initiative benefits. A simulation performed by Statistics Canada using the Social Policy Simulation Database and Model (SPSD/M) to evaluate the impact of these limitations showed they had a relatively small impact on the type of aggregated indicators used in the NCB Progress Report. These simulation results were summarized in an appendix to the *NCB Progress Report: 2001*.

Finally, in-depth analysis of the SLID has recently revealed that the number of NCB Supplement recipients is underrepresented in the SLID by approximately 30 percent, compared to CCTB administrative data provided to HRDC by Canada Customs and Revenue Agency (CCRA). The magnitude and direction of the effect of this underrepresentation on determining the impact of the NCB are difficult to predict. The income distribution of missing cases among the low-income population is unknown. Depending on the income distribution

of the missing cases, the levels of the low-income measures being used to assess precisely the NCB Supplement may change. It is not possible to assess the NCB in terms of reducing the incidence or depth of low-income if the low-income measures used to determine this are subject to change.

## ■ A Declining Incidence of Low Income Among Families with Children

The incidence of low income refers to the number of families with children who fall below a pre-determined low-income line expressed as a percentage of all families with children. The trend in the incidence of low income among Canadian families with children over the last 16 years is shown in Figure 11, using post and pre-tax LICOs, and post-tax LIMs.

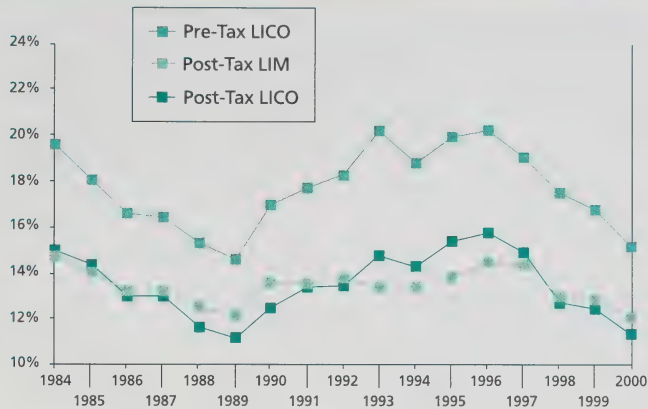
The proportion of families with children living in low income has closely followed the business and employment cycles over these years. The latter half of the 1980s was a period of economic growth and low unemployment in Canada (see Figure 12). As Figure 11 shows, this translated into a decline in the percentage of families with children living in low income. On the other hand, the early 1990s were a period of economic slowdown and high unemployment in Canada. This translated into an increase in the percentage of families with children living in low income. Since 1996, steady and significant progress has been made in reducing the incidence of low income among Canadian families with children. Figure 11 shows this progress continued in 2000.

<sup>23</sup> Barret, Garry F. and Michael I. Cragg, "An Untold Story: The Characteristics of Welfare Use in British Columbia," *Canadian Journal of Economics* 31 (1998): 165-188.

Finnie, Ross, "The Dynamics of Poverty in Canada: What We Know, What We Can Do?", *C.D. Howe Institute Commentary* 145 (September 2000).

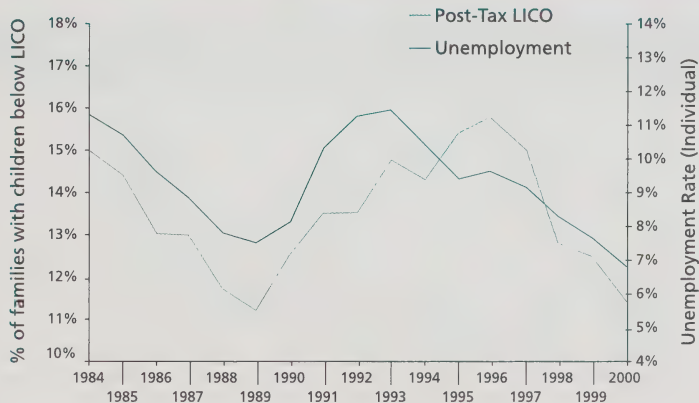


**Figure 11 – Percentage of Families with Children below LICOs and LIM thresholds, 1984-2000**



Source: Statistics Canada, Survey of Consumer Finance from 1984 to 1995 and Survey of Labour and Income Dynamics from 1996 to 2000.

**Figure 12 – Unemployment Rate and Percentage of Families Below Post-tax LICOs, Canada, 1984-2000**



Source: Statistics Canada, Survey of Consumer Finance from 1984 to 1995 and Survey of Labour and Income Dynamics from 1996 to 2000; Labour Force Survey from 1984 to 2000.



Using post-tax LICO measure, Figure 11 shows the incidence of low income among families with children dropped from 15.8 percent in 1996 to 12.5 percent in 1999. In 2000, the incidence of low income continued to decline to 11.4 percent for an overall decline since 1996 of about 28 percent. The decline in the incidence of low income among families with children has been substantial over the last few years, such that it is now at about its 1989 level (10.8 percent).

This reduction translates into more than 176,500 families with about 307,200 children moving above the post-tax LICOs between 1996 and 2000. In 2000, there were 439,900 families with 867,600 children living below the post-tax LICOs compared to 616,400 families with 1,174,800 children in 1996.

The reduction in the proportion of single-parent families living in low income over the last five years has been particularly significant. As Figure 13 shows, the proportion of one-parent families living below the post-tax LICOs declined from 42.5 percent in

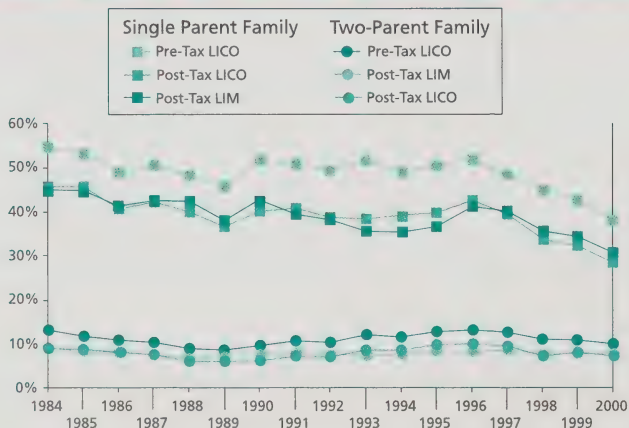
1996 to 28.6 percent in 2000. The proportion of two-parent families living below the post-tax LICO showed a more modest decline, from 9.8 percent to 7.5 percent over the same period.

These trends over the past few years are encouraging. While the decline in the depth of low income is mainly due to the strong economic performance of the late 1990s, the NCB initiative's income benefits have also contributed to these trends in terms of reducing the incidence and also the depth of low income.

### ■ Low Income is Temporary for Most

Low income is usually not a permanent situation for most families with children. Among those families who do experience it, most move in and out of low income over time. From 1984 to 2000, on average, about 13.5 percent of families with children lived in low income in any given year. However, as shown in Figure 14, between 1996 and 1999, about a quarter of all children aged 13 and under lived in a family

**Figure 13 – Percentage of Families with Children with Low Incomes, Single Parent and Two-Parent Families, LICOs and LIM, 1984-2000**



Source: Statistics Canada, Survey of Consumer Finance from 1984 to 1995 and Survey of Labour and Income Dynamics from 1996 to 2000.

which experienced low income for at least one of those four years (1,341,000 children in total). However, of those 1,341,000 children, less than one-half lived in low income for more than two of these four years (601,000 children in total or 11.5 percent of all children age 13 and under). Only about a quarter of these children lived in a low-income situation for all four years (341,000 children in total or 6.5 percent of all children age 13 and under).

There is evidence this situation is improving. In comparing the 1996-1999 period to the next four-year period, 1997-2000, the proportion of children experiencing low income in at least one of the four years declined from 25.6 percent to 22.7 percent. Even more pronounced is the decline among those children experiencing low income in all four of the years, which fell from 6.5 percent in the 1996-1999 period to 5.1 percent in 1997-2000.

### ■ Depth of Low Income Shows Signs of Decline

The depth of low income measures how far family income falls below a given low-income line. It measures the additional amount of income a low-income family would need to reach a pre-determined low-income line, such as Statistics Canada's LICOs or the LIM.

An example is given below in Table 12. It shows that the 2000 low-income line (post-tax LICO) of a two-parent, two-child family living in a city of more than 500,000 people is \$29,163. If such a family had post-tax income of \$21,872 in that year, its depth of low income would be \$7,291 (i.e., \$29,163 – \$21,872). Expressed as a percentage, the depth of low income of this family is equal to 25 percent of the low-income line (i.e., [ $\$7,291/\$29,163$ ] x 100).

**Figure 14 – Children 13 and Under Living in Low Income, 1996-1999 vs. 1997-2000**



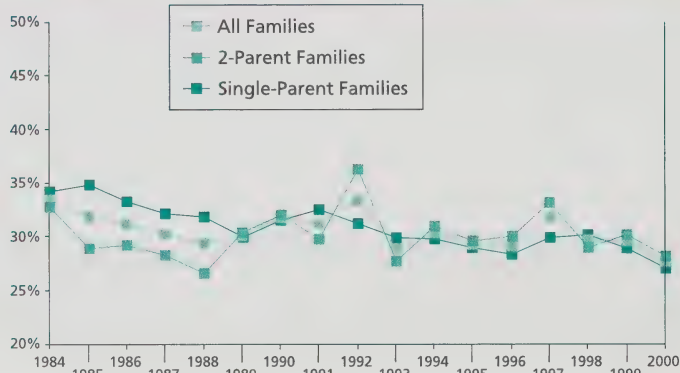
Source: Statistics Canada, Survey of Labour and Income Dynamics.

**Table 12 – Depth of Low Income for a Two-Parent, Two-Child Family Living in a City of More Than 500,000 People in 2000**

	2000 Low-Income Cut Off (Post-tax)	Example Family's Income (Post-tax)	Difference Between Low-Income Cut Off And Example Family's Income (Depth of Low Income of that Family)	Percentage Points Below Low-Income Cut Off
Post-tax LICOs	\$29,163	\$21,872	\$7,291	25.0

Source: Income in Canada 2000, Statistics Canada.

**Figure 15 – Post-tax LICOs: Depth of Low Income – Shortfall of Low-Income Families with Children as a Proportion of the LICO, 1984-2000**



Source: Statistics Canada, Survey of Consumer Finance from 1984 to 1995 and Survey of Labour and Income Dynamics from 1996 to 2000.

As illustrated in Figure 15, the depth of low income for families with children has generally improved since 1984. Between 1996 and 2000, the depth of low income for families with children improved from 29.4 percent to 27.6 percent.

In 1996, low-income families with children had an average after-tax income of \$16,443. These low-income families would have needed, on average, \$6,848 to reach the low-income line (post-tax LICOs). Comparatively, low-income families had an average after-tax income of \$17,397 in 2000 and needed, on average, \$6,632 to reach the low-income line (post-tax LICOs).<sup>24</sup>

<sup>24</sup> For comparison purposes, the figures in this paragraph are expressed in 2000 dollars.

## ■ Earned Income of Low-Income Families is on the Rise

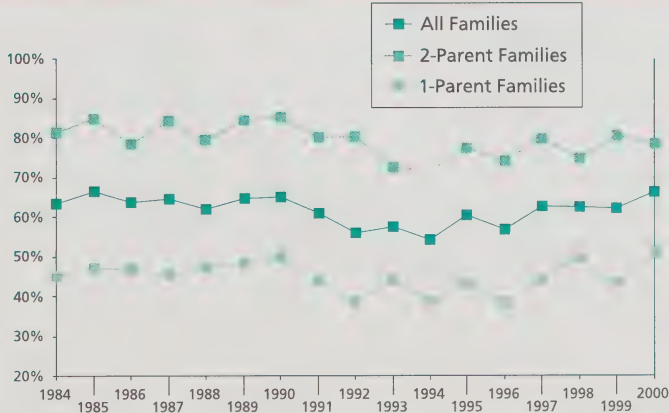
Promoting attachment to the labour force among low-income families with children is the second goal of the NCB initiative. Figure 16 indicates that from 1984 to the economic downturn in the early 1990s the percentage of low-income families in which the parents had paid employment was quite stable. The percentage declined during the early 1990s, but it has continued to increase during the economic recovery of the late 1990s.

The proportion of low-income families with children in which at least one parent was employed for pay during the year increased from 57.0 percent in 1996 to 66.0 percent in 2000. The proportion of one-parent families employed for pay rose from 38.5 percent to 51.0 percent over the same period. Many factors, such as social assistance reforms and the economic recovery of the late 1990s, have contributed to this development.

Additional information on labour force attachment can be gained by examining the sources of income of low-income families with children. For example, Figure 17 shows the average level of government transfers received and average earnings of low-income families with children between 1984 and 2000 (expressed in 2000 dollars).

Since the early 1990s, an increasing proportion of the income of low-income families with children has come from employment earnings. In 1992, low-income families earned, on average, \$4,416. This amount represented approximately 31 percent of the after-tax income of low-income families. In 2000, low-income families earned, on average, \$6,248, which represented 36 percent of their total after-tax income. During this same period, government transfers remained relatively constant and continued to play an important role as a source of family income for low-income families.

**Figure 16 – Post-tax LICO: Percentage of Low-Income Families Employed for Pay During the Year, By Family Type, 1984-2000**



Source: Statistics Canada, Survey of Consumer Finance from 1984 to 1995 and Survey of Labour and Income Dynamics from 1996 to 2000.



**Figure 17 – Source of Family Income, Low-Income Families with Children, Post-tax LICOs (expressed in 2000 dollars)**



Source: Statistics Canada, Survey of Consumer Finance from 1984 to 1995 and Survey of Labour and Income Dynamics from 1996 to 2000.

## ■ Fewer Canadian Children are on Welfare

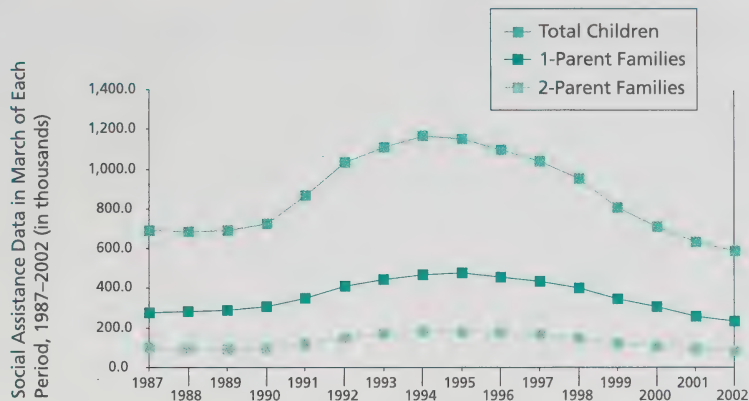
While it is not a direct indication of increased labour force attachment, there was a significant decline in the number of families receiving welfare during the late 1990s. Figure 18 shows the number of one-parent families relying on social assistance declined by 48 percent, from 454,500 households in March 1996 to 237,600 in March 2002. The number of two-parent families with children relying on social assistance decreased by 54 percent, from 177,400 to 82,100 households over the same period. As a result, the overall number of children living in families relying on social assistance decreased by 46 percent between 1996 and 2002, from 1,096,900 in 1996 to 591,200 in 2002.

It is notable to compare the reduction in social assistance caseloads for families with children with the situation of childless families. Figure 19 shows that between 1996 and 2002, the two-parent family welfare caseload numbers decreased by 53.7 percent while those of couples without children decreased by only 17.6 percent. Over the same period, the caseload for one-parent families declined by 47.7 percent compared to a decline of 17.7 percent for singles without children.

Economic growth in the late 1990s was one of the main reasons for the reduction in welfare caseloads. Another important factor in these reductions was welfare reform measures, including the restructuring of social assistance systems in several provinces as part of the NCB initiative. The direct impact of the NCB on these trends is explored in greater detail in Chapter 7.

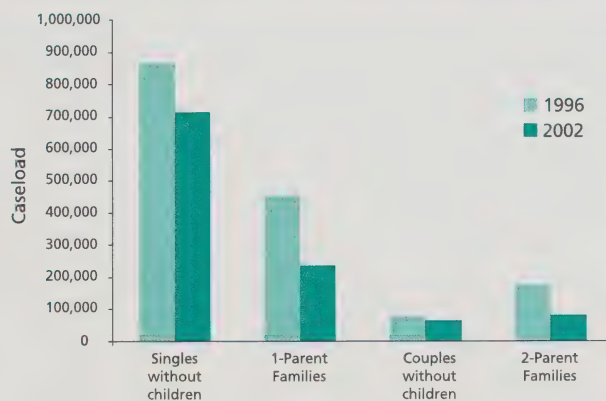


**Figure 18 – Social Assistance Data in March of Each Year, 1987- 2002 (in thousands)**



Source: Social Policy, HRDC.

**Figure 19 — Social Assistance Data in March of Each Period, 1996 and 2002 (in thousands)**



Source: Social Policy, HRDC.

## ■ Summary

The trends examined in this chapter show a general improvement in the economic well-being of low-income families with children in Canada. The incidence of low income declined from 15.8 percent in 1996 to 11.4 percent in 2000, a reduction of 28 percent. The decline in the incidence of low income among families with children has been substantial over the last few years, such that it is now at about its 1989 level (10.8 percent). The depth and duration of low income among families with children also declined in the late 1990s and continued to decline in 2000. During the same period, attachment to the labour force and the share of income from earnings of families with children increased while dependence on social assistance has declined. These trends have been particularly strong among single-parent families.

The improvement in these societal level indicators is not surprising given the economic recovery Canada has experienced in the last few years. They are, nevertheless, very encouraging. However, the extent to which the NCB contributed to changes in these trends cannot be directly determined from the societal level indicators reported on in this chapter. They do not tell us the extent to which the NCB is responsible for changes in these trends. Chapter 7 will describe and report on direct outcome indicators which separate out the direct impact of the NCB on families with children.



## 7. Assessing the Impact of the National Child Benefit Initiative

The previous chapter examined societal level indicators such as the incidence and depth of low income. Although these general indicators are important for understanding how the situation of low-income families has changed in recent years, they do not isolate the direct impacts of the NCB initiative on families with children.

This chapter reports on the direct impact of the NCB initiative in making progress on each of its three goals.

Section I of the chapter presents evidence on how the NCB initiative has helped to prevent and reduce the depth of child poverty in Canada in 2000.

Section II reports on evaluation work that assessed how the NCB initiative may have influenced the labour market decisions of families with children. This section relates to the second goal of the NCB – to promote labour market attachment by ensuring that families will always be better off as a result of working.

The analyses in these two sections focus on the income benefits of the NCB initiative. While some evidence of the impact of the supplementary health benefits is provided, in-kind services such as child/day care, early childhood services and children-at-risk services introduced under the NCB initiative are not assessed in these analyses. Although these benefits and services do not directly affect the income indicators presented in Sections I and II, they form an important part of governments' strategies to support Canadian families. In 2000, these reinvestment programs represented approximately \$345 million, or about 70 percent of total provincial and territorial reinvestment and investment strategies.

Section III describes structural changes in the delivery of child benefits resulting from more coordinated efforts of federal, provincial and territorial governments and First Nations. These changes indicate the extent to which the NCB initiative is furthering its third goal – to reduce overlap and duplication by harmonizing program objectives and benefits and simplifying administration.

## **Highlights of the impact of the NCB initiative on its three goals:**

### **Goal 1. To help prevent and reduce the depth of child poverty.**

- The NCB is making progress toward its goal to help prevent and reduce the depth of child poverty in Canada. Based on post-tax LICOs,\* the impact of the NCB was assessed by comparing the simulated child benefit structure in 2000 without the NCB initiative with the actual child benefit structure in 2000.\*\* *Thus, as a result of the NCB in 2000:*
  - 55,000 children in 22,900 families were not living in low income, a 5.1 percent reduction in the number of low-income families or 1 in 20. These families with children saw their average disposable income increase by almost \$1,800, or 7.5 percent.
  - Families with children living in low income in 2000 were, on average, about \$700 better off, representing an increase in their average disposable income of 4.1 percent.
  - The low-income gap was reduced by \$320 million, a decline of 9.6 percent.

### **Goal 2. To promote attachment to the labour market by ensuring that families will always be better off as a result of working.**

- In most jurisdictions, the NCB is making work financially more attractive than social assistance for families by improving the difference between minimum wage employment and social assistance. This improvement was associated with a reduced dependency on social assistance among families with children.
  - In 1997, prior to the introduction of the NCB, disposable incomes of single-parent families with two children declined by more than 8 percent when they left social assistance for full-time minimum wage employment. By 2001, their disposable incomes were 2 percent higher after leaving social assistance – an overall improvement of more than 10 percentage points since 1997. The NCB was responsible for 72 percent of that improvement.
  - There is evidence that the reduction in the welfare wall brought about by the NCB was associated with a decline in the social assistance caseloads among families with children and a decline in the length of time single-parent families spend on social assistance.

### **Goal 3. To reduce overlap and duplication by harmonizing program objectives and benefits and simplifying administration.**

- Simplified administration of child benefits allowed many jurisdictions to combine the NCB Supplement with provincial/territorial child benefits into a single integrated payment.
- The flexibility of the NCB agreement allowed provincial, territorial governments and First Nations to respond to the local needs of low-income families.

\* For results based on pre-tax LICOs and post-tax LIM, please refer to Appendix 4.

\*\* The 2000 SLID data used for this analysis captured only NCB income benefits. As a result, approximately \$221 million of provincial/territorial NCB reinvestments and investments in in-kind benefits in 2000 (or 30 percent of provincial/territorial reinvestments and investments) are not included in this analysis. This also excludes approximately \$263 million invested in the NCB, which otherwise would have been invested in the WIS in 2000, if the NCB had not been introduced.

I. Preventing and Reducing the Depth of Child Poverty

This section shows how the NCB is making an impact on the first of its three goals. It presents a simulation of the direct impact of the NCB in 2000 to prevent and reduce the depth of child poverty in Canada. The analysis isolates the impact of the NCB on the following three outcome indicators from January to December 2000:

- The change in number and incidence of children and families with children living in low income;
- The change in the low-income gap (the aggregate amount of income that low-income families would need to reach a pre-determined low-income line); and
- The average change in disposable income that families with children saw in 2000 as a direct result of the NCB or the average contribution of the NCB to disposable incomes of families with children who received the NCB Supplement in 2000.

Methodology

The impact of the income benefits of the NCB initiative is determined by comparing the difference in one of these outcome indicators under two

different federal/provincial/territorial child benefit structures in 2000: the actual structure with the NCB initiative, and a simulated structure without the NCB initiative. The impact of the NCB income benefits is determined by the difference between these two child benefit structures. This methodology is designed to capture \$1.3 billion of the NCB income benefits. Key characteristics of these two child benefit structures are presented in Table 13.

This methodology has the advantage of isolating the impact of the income benefits of the NCB initiative on the three outcome indicators described above, while keeping other socio-economic variables such as level of employment or earnings unchanged. However, the methodology employed here cannot capture changes in the economic behaviour of low-income families with children which may have been caused by the NCB. For example, on one hand, the NCB may have encouraged low-income families to enter the workforce. On the other hand, the NCB Supplement reduction rates may have had a negative impact on the number of hours worked, especially by some workers. These dynamic effects are not captured by this methodology. The impact of the NCB on the economic behaviour of low-income families, particularly their attachment to the labour force, is examined in Section II of this chapter.

Table 13 – Comparison of Two Federal/Provincial/Territorial Child Benefit Structures in 2000

Structure 1: Without NCB Initiative	Structure 2: With NCB Initiative
Maintain the 1996 Working Income Supplement (WIS) structure	Introduce the NCB Supplement
No adjustments to provincial/territorial income support programs for increases in the NCB Supplement	Introduce adjustments to provincial/territorial income support programs for increases in the NCB Supplement
No provincial/territorial reinvestment programs and additional investments in income benefits directly related to the NCB initiative	Introduce provincial/territorial reinvestment programs and additional investments in child benefits and earned income supplements*

\* In 2000, these reinvestment programs (income benefits) represented approximately \$345 million or over 70 percent of provincial, territorial and First Nations reinvestment and investment strategies.



The analysis in this chapter is restricted to NCB Supplement recipients,<sup>25</sup> unlike the methodology used for the *NCB Progress Report: 2001*, which covered all low-income families with children. In this report, the average change in 2000 disposable income of NCB Supplement recipients was determined for the following three groups of families with children in receipt of the NCB Supplement:

1. Families with children who remained living in low income in 2000, even with the NCB Supplement;
2. Families with children who were prevented from living in low income in 2000; and
3. All other families with children who received the NCB Supplement in 2000.

The application of the above methodology to the data from the 2000 Survey of Labour and Income Dynamics (SLID)<sup>26</sup> made it possible to assess the impact of the income benefits of the NCB on all families with children who received the NCB Supplement in 2000. All estimates are reported

based on the post-tax LICO measure. Results based on pre-tax LICOs and post-tax LIM are presented in Appendix 4.

### ***Impact of the NCB on Child Poverty: Fewer Low-Income Families with Children in 2000***

In 2000, the NCB initiative was responsible for preventing an estimated 22,900 families with 55,000 children from being considered as living in low income, thus reducing the number of families with children living in low income in 2000 by 5.1 percent (see Table 14). Analysis of the 2000 SLID data also revealed there were an estimated 424,100 families with 836,700 children living in low income in 2000, representing 11.0 percent of all Canadian families with children. If the NCB had not been introduced, an estimated 447,000 families with 891,700 children would have lived in low income in 2000, translating into 11.6 percent of all families with children. This indicates that, in 2000, the NCB reduced the number of families with children living in low income by 22,900 families, from 447,000 to 424,100.

**Table 14 – Change in Incidence of Low Income Among Families by Family Type due to the NCB: January 2000 to December 2000**

<i>SLID 2000 Post-Tax LICOs</i>	One-Parent Families	Two-Parent Families	All Families
Decline in Number of Children Living in Low Income	16,100	37,200	55,000
Decline in Number of Families Living in Low Income	8,600	14,300	22,900
Percentage Change in Number of Families Living in Low Income	-4.1%	-6.0%	-5.1%
Decline in Incidence of Low Income Among Families with Children*	-1.2	-0.5	-0.6

\* Decline in incidence of low income is expressed in percentage points.

Source: Based on Statistics Canada special tabulations from the SLID 2000.

<sup>25</sup> Chapter 6 reports on low-income trends for all families with children, without restricting the analysis to NCB Supplement recipients.

As a result, the number of families with children living in low income in 2000 in Chapter 6 and Chapter 7 differs slightly.

<sup>26</sup> The same limitations of the SLID data as discussed in Chapter 6 apply to this analysis (see section on the SLID Database in Chapter 6). These data limitations could introduce a bias in the estimation of the impact of the NCB on families with children.

In addition to these two groups, an estimated 597,800 families with 1,013,200 children received some benefits from the NCB Supplement in 2000 but they were not considered to be living in low income (see the discussion of the methodology above). These remaining families accounted for 15.5 percent of all Canadian families with children.

The NCB helped all three groups of families to improve their income levels. The contribution of the NCB to disposable incomes of these families with children is described below.

In 2000, the incidence of low income was higher among single-parent families than among two-parent families. In 2000, there were an estimated 200,400 single-parent families with 367,100 children living in low income, representing 28.2 percent of all single-parent families with children. Only 7.1 percent (or an estimated 222,300) of two-parent families with 467,100 children were living in low income in 2000.

The NCB has made a more significant contribution to the decline in the incidence of low income for single-parent families than for two-parent families. Without the NCB, an estimated 209,000 single-parent families with 383,200 children would have lived in low income in 2000, translating into 29.4 percent of all single-parent families with children. This indicates that the incidence of low income among single-parent families declined by 1.2 percentage points in 2000 as a result of the NCB. Among two-parent families, the incidence of low income declined by 0.5 percentage points in 2000. If the NCB had not been introduced, an estimated 236,600 two-parent families with 504,300 children would have lived in low income in 2000, translating into 7.6 percent of all two-parent families with children.

### ***NCB Contribution to Disposable Incomes of Low-Income Families with Children***

The NCB income benefits have successfully reduced the incidence of low income among families with

children who received the NCB Supplement in 2000 by improving the levels of their disposable income. The 2000 SLID data were used to simulate the average increase in the level of disposable income that families with children saw in 2000 as a direct result of the NCB Supplement. The increases in disposable incomes produced by the income benefits of the NCB were estimated for families with children who remained living in low income in 2000; families with children who were prevented from living in low income in 2000; and all other families with children who received NCB Supplement in 2000 (see Table 15).

In 2000, the estimated 424,100 families with children who remained living in low income during that year had on average after-tax incomes of \$17,600. If the NCB had not been introduced, their disposable incomes would have been on average \$16,900. As a result, their disposable incomes were on average \$700 higher than what they would have been in the absence of the NCB initiative (see column 3 in Table 15). This represented an increase of over four percent in their disposable incomes in 2000.

Consequently, these families required \$700 less to reach the low-income line. In aggregate (i.e., considering all these families with children), the NCB reduced the “low-income gap” by \$320 million in 2000, representing a decline of almost ten percent (see Table 16).

Families with children who were prevented from living in low-income situations (\$22,900) had on average, disposable incomes of \$25,600 in 2000. Without the NCB, their disposable incomes would have averaged \$23,800. As a result, on average the NCB improved the 2000 level of disposable income of these families by \$1,800 (see column 3 in Table 15). This represented an increase of 7.5 percent in their disposable incomes in 2000 as a result of the NCB.

**Table 15 – Changes in Disposable Incomes due to the NCB Among Families with Children by Family Type: January 2000 to December 2000**

<b>SLID 2000 Post-Tax LICOs</b>	<b>One-Parent Families</b>	<b>Two-Parent Families</b>	<b>All Families</b>
<b><i>Remained Living in Low Income in 2000</i></b>			
Increase in Disposable Income	\$500	\$900	\$700
Percentage Increase in Income	3.1%	4.8%	4.1%
<b><i>Were Prevented from Living in Low Income in 2000</i></b>			
Increase in Disposable Income	\$1,250	\$2,100	\$1,800
Percentage Increase in Income	6.0%	8.3%	7.5%
<b><i>Other Families with Children Who Received NCB Supplement in 2000</i></b>			
Increase in Disposable Income	\$500	\$500	\$500
Percentage Increase in Income	1.4%	1.4%	1.4%

Source: Based on Statistics Canada special tabulations from the SLID 2000.

**Table 16 – Changes in the Depth of Low Income Among Families Remaining in Low Income, due to the NCB: January 2000 to December 2000**

<b>SLID 2000 Post-Tax LICOs</b>	<b>One-Parent Families</b>	<b>Two-Parent Families</b>	<b>All Families</b>
Decline in Low Income Gap (in millions of dollars)	\$100	\$220	\$320
Percentage Change in the Low-Income Gap	-7.6%	-11.0%	-9.6%

Source: Based on Statistics Canada special tabulations from the SLID 2000.

The remaining 57 percent of families with children who received the NCB Supplement in 2000 also saw increases in the level of their disposable income as a direct result of the NCB. These families had on average disposable incomes of \$35,600 in 2000. If the NCB had not been introduced, their incomes would have been \$35,100. This indicates that the NCB directly improved the level of disposable income of these families by an average of \$500 in that year (see Table 15).

### ***Helping Low-Income Working Families***

In addition to preventing and reducing the depth of child poverty, the NCB was also designed to promote parents' attachment to the labour market by ensuring that families are always better off as a result of working. The NCB was designed to encourage families to leave social assistance for work by improving their incomes and maintaining child benefits when they join the labour force. Results of the net impact analysis of the NCB using SLID data show that of 22,900 families with children who were

not living in low income in 2000 as a result of the NCB, the overwhelming majority of these (18,500 or 80.8 percent) were working families with children. The remaining 4,400 were families who received some social assistance benefits in 2000. As a result of the NCB, there were almost eight percent (7.9 percent) fewer working families with children in low income in 2000.

The NCB has also made a significant contribution to improving the level of disposable income of these families. In 2000, the estimated 214,300 low-income *working families who remained living in low income* during that year had on average after-tax incomes of \$17,900. If the NCB had not been introduced, their disposable incomes would have been on average \$16,700. Thus, their disposable incomes were on average \$1,200 higher than what they would have been in the absence of the NCB initiative. This represented a seven percent increase in their disposable incomes in 2000.

As a result of the NCB, these families were \$1,200 closer to the “low-income threshold” (the income level above which they would no longer be considered low-income families). The “low-income gap” was reduced for these families by \$269 million in 2000, representing a decline of 14 percent.

*The 18,500 working families with children who were prevented from living in a low-income situation in 2000* had on average disposable incomes of \$26,800 in 2000. Without the NCB, their disposable incomes would have averaged \$24,700. Thus, on average the NCB has improved the level of disposable income of these families by \$2,100, representing an 8.3 percent increase in their disposable incomes in 2000 as a result of the NCB.

Furthermore, an evaluation of provincial/territorial reinvestment programs showed that the effects of child benefit/earned income supplement programs on child poverty are small relative to the whole NCB initiative. The evaluation found that generally the monthly child benefit/earned income supplement benefits were in the order of \$30 per child per month. As a result, it is difficult to attribute substantial reductions in child poverty to these benefits.

## ■ II. Promoting Attachment to the Labour Market

The second objective of the NCB initiative is to promote attachment to the labour market by ensuring that families are always better off working. As part of a comprehensive evaluation of the NCB, work was undertaken to examine the extent to which the NCB initiative has encouraged families to leave social assistance for work by improving the incomes of the working poor relative to those on social assistance. Prior to implementation of the NCB, parents leaving social assistance for work often faced the loss of important financial and in-kind benefits for themselves and their children. Through the NCB initiative, child income benefits and in-kind benefits and services have been extended to low-income working families with children.

The evaluation work included a study that examined how the provision of child income benefits under the NCB initiative reduces the size of the “welfare wall”,<sup>27</sup> case studies to assess the impact of the reduction in the welfare wall on social assistance dependency among families with children, and an evaluation of the effect of provincial/territorial reinvestment programs in earned income supplements and supplementary health benefits on labour force attachment.

<sup>27</sup> The studies cited in this chapter are part of a comprehensive evaluation of the NCB initiative, forthcoming from Evaluation and Data Development, Human Resources Development Canada.



The term “welfare wall” refers to a set of barriers that families face that can make it less financially attractive to move from social assistance to the labour market due to the loss of income or services. These barriers can be measured in a number of ways, including the change in the level of disposable income a family faces when moving from social assistance to employment; the level of earnings required to be better off working than receiving social assistance; and the effective marginal tax rate on earnings when people leave social assistance.

## **The Impact of the NCB Supplement on the Welfare Wall**

### **Methodology**

This study examined the effect of the NCB Supplement on the size of the welfare wall, using as a proxy the dollar difference in disposable income between those on social assistance and those employed. It estimated the dollar difference in annual disposable incomes between full-time minimum wage employment and social assistance with no earnings for each of the years from 1995 to 2001 and determined the contribution of the NCB Supplement to that difference.

For each of the provincial and territorial jurisdictions participating in the NCB initiative (except Nunavut), the study determined the value of the following sources of disposable income as of August of each year (1995 to 2001) for four family types:<sup>28</sup>

1. Gross earnings from minimum wage employment for 2000 hours per year;
2. Social assistance benefits for basic needs and shelter and any non-discretionary special allowances payable to families deemed employable;

3. The net value of federal and provincial/territorial refundable tax credits, including the WIS, the base benefit under the CTB and its successor, the CCTB, the NCB Supplement, the GST/HST Credit, any provincial/territorial child benefits, earned income supplements and refundable sales or income tax credits;
4. Any payroll taxes on gross earnings;
5. Any federal and provincial income taxes; and
6. The value of any recovery of the NCB Supplement from families on social assistance.

For families on social assistance, disposable income is defined as items 2 and 3 less the value of any recovery of the NCB Supplement (item 6). For working poor families, disposable income is defined as items 1 and 3 less any payroll taxes on gross earnings and federal/provincial income taxes (items 4 and 5).

In order to determine the impact of the NCB Supplement on the change in the difference in disposable income between social assistance and minimum wage employment, it was assumed that the 1997-1997 WIS and social assistance rates would have remained the same, in the absence of the NCB.

### **The NCB Supplement Contribution to Making Work More Attractive**

Table 17 describes the changes in the difference in disposable incomes between 1997 and 2001<sup>29</sup>, for four family types included in the analysis. From an income perspective, single-parent families with two or three children faced a decline in disposable income of 8.5 percent and 13 percent, respectively, if they left social assistance for full-time minimum wage employment in 1997. At the same time, single parents with one child experienced a slight gain in

<sup>28</sup> The four types of families are: single-parent families with one, two or three children, and two-parent families with two children.

<sup>29</sup> Although the study covered the period between 1995 and 2001, the results are presented only from 1997 to 2001 in order to more accurately reflect the period just prior to the inception of the NCB.



**Table 17 – Average Annual Difference in Disposable Income between Full-time Minimum Wage Employment and Social Assistance, 1997 and 2001**

Family Type	1997	Percentage 2001	NCB Points Change	Contribution
Single Parent, 1 child age 4	+3.8%	+12.7%	+ 8.9	55%
Single Parent, 2 children 10&13	- 8.5%	+2.0%	+10.5	72%
Single Parent, 3 children 4,10,13	-13.0%	-0.9%	+12.1	80%
<b>Two Parent, 2 children 10 &amp; 13</b>	<b>+30.8%</b>	<b>+37.9%</b>	<b>+ 7.1</b>	<b>27%</b>

\* This is the unweighted average for 11 jurisdictions.

+ indicates disposable income from minimum wage is higher than social assistance income.

- indicates disposable income from minimum wage is lower than social assistance income.

disposable income, while two-parent, two-earner families were about 30 percent better off working than on social assistance.

By 2001, this picture had changed substantially. Only the single-parent family with three children experienced a slight loss in disposable income when leaving social assistance for work, while the remaining families experienced even larger increases in disposable income from employment.

The percentage change in disposable incomes was greater for single-parent families with two and three children than those with one child. This change was the least for two-parent, two-earner families. There are several reasons for this pattern. Among single-parent families, the disposable income changed more for those with more children because the total value of the NCB Supplement increases with the number of children. However, two-parent, two-earner families had sufficiently high net incomes and therefore, received only a portion of the NCB Supplement and were no longer eligible for most provincial or territorial child benefits and earnings supplements.

Although a number of factors contributed to the percentage change in disposable income between social assistance and full-time minimum wage employment, the replacement of social assistance benefits by the NCB Supplement accounted for a large portion of this change (see last column in Table 17). Other factors which contributed to this change include the decline in social assistance budgets over this time period and changes in taxes and tax credits.

### Impact of the NCB Income Benefits on Social Assistance Dependency

Case studies of two jurisdictions assessed the impact of changes in the welfare wall on families' ability to leave social assistance. One case study assessed the impact of changes in the welfare wall on single-parent families' dependency on social assistance in a participating jurisdiction, which used the social assistance offset approach to replace social assistance benefits for children. Using the data from the previous study, it also determined the contribution of the replacement of social assistance benefits by the NCB Supplement to this change. Controlling for the effects of other factors,<sup>30</sup>

<sup>30</sup> The analysis controlled for the following family and economic characteristics: age of parent, number and ages of children, parent's highest level of schooling, whether the parent had taken any employment training prior to their current spell on social assistance, whether they were subject to the program's "work expectations" and the regional unemployment rate. The effect of these characteristics on the duration of spells on and off social assistance was determined through the application of the survival regression analysis method known as the Proportional Hazards Model.

the analysis determined that a \$1,200 per year increase in the real value of the minimum wage income over social assistance income resulted in a 20 percent increase in the rate at which single-parent families leave social assistance. It also led to a corresponding 17 percent decline in both the average and median duration of spells on assistance.

In this jurisdiction, the disposable income for a single-parent family with two children from full-time minimum wage employment would have increased between 1997 and 2001 by \$508 per year, when compared to the income available from social assistance (at zero earnings). The replacement of social assistance benefits by the NCB Supplement was responsible for \$80 of this total increase. In turn, these annual increases led to reductions in the duration of time on social assistance of 4.6 percent, 0.6 percent of which was attributed to the replacement of social assistance benefits by the NCB Supplement. These results demonstrate that measures which reduce the welfare wall lead to shorter spells on social assistance.

The second case study focused on a jurisdiction which replaced the full value of its social assistance benefits for children with an integrated child benefit. As in the first jurisdiction, this change resulted in an improvement in the welfare wall.

To assess the impact of this change, the study looked at the monthly social assistance caseload data for single parents and couples with children from January 1990 to March 2000. This study focused on those social assistance recipients who were most likely to be attracted in the labour market as a result of the NCB.<sup>31</sup>

The study found that the full replacement of social assistance child benefits by the integrated child benefit contributed to significant declines in the caseloads of families with children, compared to

those without children. Specifically, it was responsible for a cumulative 14.5 percent decline in the caseload among families with children. Together, these two case studies show that the NCB design feature of replacing social assistance child benefits with the portable NCB Supplement resulted in reduced dependency on social assistance for families with children.

Furthermore, an evaluation of provincial/territorial reinvestment programs showed that by providing supplementary health benefits to families who are in the labour market, the NCB initiative reduced disincentives to enter the labour market for these parents. Further evaluation of the NCB reinvestment programs was precluded by the lack of provincial/territorial data on some program operations (e.g., take-up rates and client satisfaction). In addition, it was not possible to determine the effects of these reinvestment initiatives on the NCB objectives.

### ■ III. Reducing Overlap and Duplication

The NCB is also furthering its third goal to reduce overlap and duplication. In terms of administrative objectives, a number of structural improvements in the way child benefits are delivered were introduced as a result of the NCB initiative. The NCB initiative has brought about greater integration of child benefits. In many jurisdictions, the NCB Supplement is combined with provincial/territorial child benefits in a single integrated payment. Evidence from an evaluation of provincial/territorial reinvestment programs shows that the delivery of child income programs by Canada Customs and Revenue Agency (CCRA) on behalf of provinces and territories addresses the diverse delivery needs of provincial and territorial child benefit and earned income supplement programs.

<sup>31</sup> Those cases where zero welfare benefits were received, those who were listed as disabled, those who moved out of the province, or those who were listed as unemployable or fully employed were excluded from the analysis.

Furthermore, NCB child benefits are based on net family income, and are administered in a relatively simple, non-intrusive, and non-stigmatizing manner. As a result, a coordinated effort of federal, provincial and territorial governments and First Nations around common goals has resulted in a real improvement in the way child benefits and services are provided to low-income families.

A report by the Organization for Economic Co-operation and Development, *The Economic Survey of Canada, 2001*, refers to the NCB initiative as a noteworthy achievement in improving efficiency and coordination among federal/provincial/territorial programs.<sup>32</sup> Another report, *Provincial and Territorial Reinvestment Initiatives Case Studies* from Applied Research Consultants, indicates that the NCB initiative is a cost-effective model of program delivery. It notes that CCRA has responded well to the diverse program delivery needs of provincial and territorial child benefits and earned income supplement programs established under the NCB.<sup>33</sup> This further supports the conclusion that the NCB is meeting its objective of reducing overlap and duplication.

The NCB initiative has also accomplished important policy objectives. The flexibility of the NCB agreement has allowed provincial, territorial and First Nations governments to respond to the local needs of low-income families with children.

The federal investment in the NCB Supplement, along with reinvestment funds made available through provincial savings on social assistance, have made it possible to extend child benefits to all low-income families with children in participating

jurisdictions. The NCB Supplement helps families break the cycle of poverty. Unlike social assistance, the NCB does not require families to divest themselves of other resources before receiving benefits. The evaluation of provincial/territorial reinvestment programs found that reinvestment funds made available through the NCB have created new opportunities for provincial/territorial policy development and social programming.

The NCB has provided the federal, provincial and territorial governments with an opportunity to take a coordinated approach to the delivery of child benefits. Joint work by federal, provincial and territorial partners on the design of NCB benefits, including the sharing of data, has led to better program design.

The NCB initiative is gaining international recognition. For example, the United Kingdom's Revenue and Treasury officials looked closely at the design of the Canadian child tax benefit system in developing its own integrated child tax benefit system to address child poverty in the UK.<sup>34</sup>

## ■ Summary

The evidence presented in this chapter suggests that the NCB is having a positive impact on families with children and is making progress in achieving its goals.

The NCB evaluation work reviewed in this chapter illustrates how the NCB initiative has been effective in reducing the depth and incidence of low income among children in Canada. Its impact on child poverty can be expected to increase with further investments in the NCB Supplement.

<sup>32</sup> Organization for Economic Co-operation and Development, "Policy Brief: Economic Survey of Canada, 2001" *OECD Observer* (September 2001).

<sup>33</sup> This study is part of a comprehensive evaluation of the NCB initiative, forthcoming from Evaluation and Data Development, Human Resources Development Canada.

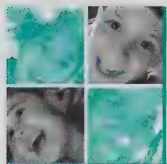
<sup>34</sup> HM Treasury, "The Child and Working Tax Credits: The Modernisation of Britain's Tax and Benefit System" (2002). UK Institute for Fiscal Studies, "Eradicating Child Poverty in Britain: Welfare Reform and Children Since 1997" (2001).

Progress is also being made on the second goal of the NCB – promoting attachment to the labour force. Evaluation of the NCB to date indicates that it has improved the difference in income between minimum wage employment and social assistance. As a result, the NCB has helped to make work financially more attractive for both single- and two-parent families in most participating jurisdictions. In turn, the relative improvement in the disposable income of working poor families following the introduction of NCB initiative appears to have resulted in a decline in families' dependency on social assistance in two participating jurisdictions.

Finally, there is evidence that the NCB initiative is furthering its third goal of reducing overlap and duplication through the structural changes and coordination brought to the federal/provincial/territorial child benefit system.

Taken together, these results demonstrate a significant achievement for federal, provincial and territorial governments working toward common goals under this shared initiative.





## 8. The Way Ahead

The NCB initiative has established the key components of an integrated child benefit system. This system has resulted in a stronger national platform of child benefits, along with additional benefits and services provided at the provincial, territorial levels and by First Nations.

Since 1997, the Government of Canada has increased the level of benefits paid to low-income families in July of each year. The 2000 federal Budget took steps to both enhance this platform and ensure its sustainability through a third significant investment in the NCB and restoring full indexation to the personal income tax system. In 2001-2002, this brought the total investment in the CCTB system to \$7.6 billion, including an investment of \$2.5 billion in the NCB Supplement.

### ■ Continued Federal Support in the 2003 Budget

The 2003 federal Budget demonstrated again the Government of Canada's commitment to help low-

income families with children break the cycle of poverty while assisting parents to enter the workforce. In addition to the current \$2.5 billion invested annually in the NCB Supplement, the 2003 Budget announced a significant long-term investment plan that is projected to enrich the NCB Supplement by \$965 million annually by 2007-2008. This investment is projected to bring annual federal support to Canadian families with children delivered through the CCTB system to over \$10 billion per year by 2007-2008. These measures, along with a strong economy, are expected to contribute to additional reductions in the incidence of low income among families with children in years to come.

As illustrated in Table 18, enhancements to the NCB Supplement proposed in the 2003 Budget will increase the amount of total federal child benefits for which low-income families are eligible for by more than 100 percent by 2007-2008 for all family types since 1996-1997, before the NCB was introduced.

**Table 18 – Maximum Levels of Federal Child Benefits for 1996-1997 and 2007-2008  
Program Years (July to June) in current dollars**

Number of Children	1996-1997 Maximum CTB+WIS	2007-2008 Maximum Base Benefit + NCB Supplement*	Percentage Increase from 1996-1997 to 2007-2008*
1	\$1,520	\$3,243	113%
2	\$2,540	\$6,259	146%
3	\$3,635	\$9,279	155%
4	\$4,730	\$12,299	160%

\* Projection based on the 2003 federal Budget.

Note: Benefits do not include an additional benefit provided for each child less than seven years of age for whom no child care expenses were claimed. In 1996-1997, this benefit was equivalent to \$213 per child, and is projected to be \$252 per child in 2007-2008.



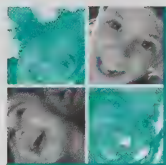
## ■ A Collaborative Effort

The benefits and services provided by provinces, territories and First Nations under the NCB initiative are equally important components of this system. These investments have been expanded since the NCB was established and have benefited from jurisdictions' shared knowledge and experiences. Federal, provincial and territorial cooperation has been key to the success of the NCB initiative.

Through NCB reinvestments in approximately 600 First Nations communities across the country, the Government of Canada continues to work in partnership with First Nations, based on the principle of mutual respect to realize the shared goal of

improving the quality of life for Aboriginal peoples, especially children. Looking ahead, Indian and Northern Affairs Canada will continue to work with other federal departments, jurisdictions and First Nations to develop and implementing an action plan informed by recent evaluations.

All jurisdictions participating in the NCB initiative remain committed to work toward improving the situation of families in Canada, and inform Canadians about progress made. As the NCB initiative moves forward, more results and impacts will become available. These will be the focus of future Progress Reports, demonstrating the commitment of governments to report to the public on NCB results.



# Appendix 1

## Glossary of Terms

**CCTB**, or Canada Child Tax Benefit, is a federal income support program for Canadian families with children that is delivered through the income tax system. The CCTB includes two components: a base benefit for low- and middle-income families, which provides federal income support to over 82 percent of Canadian families with children, and the NCB Supplement, which provides additional support to low-income families to 40 percent of Canadian families.

**Depth of low income** is the additional amount of income a low-income family would need to reach a pre-determined line, such as Statistics Canada's Low-Income Cut-Offs (LICOs), or the Low-Income Measure (LIM).

**Disposable income** is the income that a family has left after it has paid personal income taxes and other payroll deductions, such as Canada Pension Plan contributions and Employment Insurance premiums.

**Earnings supplements** are payments from governments to families that top up work-related earnings. Earnings supplement programs are often targeted to low-income working families, and they pay different amounts, based on the number of children in a family.

**Incidence of low income** is the proportion of families with children with annual income falling below a pre-determined line, such as Statistics Canada's LICOs, or the LIM.

**Indicators** in the context of this report are statistics that show how well Canadian families are faring.

**Societal Level Indicators** measure areas such as low income and labour force attachment and do not assume that any changes are necessarily caused by

the NCB. Direct **Outcome Indicators**, on the other hand, measure only those changes that are directly caused by the NCB.

The **Market Basket Measure (MBM)** is an additional research tool for governments and other interested Canadians to use in analyzing low income. The MBM provides a new perspective on low income as it is based on a specific transparent basket of goods and services. The MBM identifies disposable income levels that are required to purchase this basket of goods and services in various communities across Canada. Compared with Statistics Canada's Low Income Cut-Offs (LICOs) and Low Income Measure (LIM), the MBM is a more precise reflection of differing living costs by geographic location.

**National Child Benefit (NCB) initiative** is a joint federal, provincial and territorial government initiative designed to support low-income families with children. It includes increased federal income support plus provincial, territorial and First Nations reinvestments and additional investments in programs and services. The NCB began in July 1998.

**NCB Reinvestment funds** comprise social assistance/child benefit savings and, in some jurisdictions, Children's Special Allowance (CSA) recoveries. Most provinces and territories reduce social assistance or child benefits by the same amount of the NCB Supplement increase in order to provide funding for new or enhanced programs. Provincial, territorial and First Nations reinvestments provide flexibility to target savings in programs, benefits and/or services to meet local needs and priorities (see Appendix 2 for further details).

**NCB Investment funds** comprise additional funds that some jurisdictions devote to the NCB, over and above the reinvestment funds. Additional investments for First Nations are provided by Indian and Northern Affairs Canada (see Appendix 2 for further details).

**NCB Supplement** is the federal contribution to the NCB - a monthly payment targeted to low-income families to help with the cost of raising children. It is a component of the CCTB.

**SLID**, or the Survey of Labour and Income Dynamics, is a longitudinal labour market and income survey to study changes over time in Canadians' labour force status and economic well being.

**Social Assistance**, or SA, is a needs-tested, last resort system of income support administered by

provincial and territorial governments; it is commonly known as welfare.

The **Welfare Wall** consists of barriers that can make it less financially attractive for people to move from social assistance to the labour market due to the loss of income or services.

**Working Income Supplement**, or WIS, was a federal program that preceded the NCB, providing income support to supplement the earnings of low-income working families. The WIS was replaced in July 1998 by the NCB Supplement. Some provinces and territories have reinvested NCB funds in their own versions of an earned income supplement.



## Appendix 2

# Provincial, Territorial and First Nations NCB Reinvestments and Investments

This appendix provides information on the National Child Benefit (NCB) reinvestments and investments that jurisdictions<sup>35</sup> have undertaken. Some of these reinvestments and investments are new programs or services, while others are enhancements to existing programs. This appendix includes descriptions, actual expenditure data for 2000-2001 and estimated expenditures for 2001-2002 and 2002-2003.

NCB reinvestments and investments are based on two sources of funds: reinvestment funds and investment funds. Reinvestment funds result from increases to the federal NCB Supplement that free up provincial and territorial funds previously used to fund social assistance payments. Some jurisdictions make adjustments to their social assistance payments based on the NCB Supplement. Other jurisdictions have restructured social assistance to implement income-tested child benefits delivered outside of welfare and make no adjustment to child benefits when the NCB Supplement increases. For these jurisdictions, reinvestment funds represent the amount of “fixed” savings to the jurisdiction since the introduction of the NCB, carried forward on an annual basis. Investment funds are additional funds that some jurisdictions have chosen to devote to the NCB, over and above the reinvestment amounts. The data presented in this appendix represents the

total of reinvestment and, where applicable, investment funds.

### ■ Sources of Reinvestment Funds

There are two sources of reinvestment funds<sup>36</sup>:

- a) Social assistance/child benefit adjustments; and
- b) Children’s Special Allowance adjustments.

#### *a) Social Assistance/Child Benefit Adjustments*

Adjustments have been made in several ways:

- The NCB Supplement may be treated as income, thereby reducing the amount of social assistance payable to a family. This occurs in Prince Edward Island, Ontario, Yukon, the Northwest Territories and Nunavut and for a portion of families on social assistance in Manitoba.
- Social assistance rates may be reduced by the amount of the NCB Supplement. This occurs in Alberta.
- Provinces that provide children’s benefits outside of the social assistance system and have integrated their child benefit with the federal child benefit may reduce the provincial portion of the benefit by the amount of the NCB Supplement. This occurs in Saskatchewan and British Columbia.<sup>37</sup>

<sup>35</sup> This appendix does not include information on Quebec, which chose not to participate in the NCB initiative, but has acted on its own in a comparable way. Residents of Quebec still receive the increased NCB Supplement to the Canada Child Tax Benefit.

<sup>36</sup> Between July 1998 and June 1999, a third source of reinvestment funds was Transitional Assistance. It ensured that no families that previously received the Working Income Supplement would experience a reduction in the overall benefits they received as a result of the introduction of the NCB Supplement.

<sup>37</sup> Effective July 2002, British Columbia has passed on the amount of the increase attributable to indexation.

- Newfoundland and Labrador and Nova Scotia have restructured their respective income support programs to provide children's benefits through a separate, income-tested child benefit. For these jurisdictions, "reinvestment funds" represent the amount of "fixed" savings to the jurisdiction since the introduction of the NCB, carried forward on an annual, ongoing basis. These reinvestment funds are used to finance NCB programs and services, including the establishment of the Newfoundland and Labrador Child Benefit and the enhancement of the Nova Scotia Child Benefit.

Several jurisdictions have chosen to pass on part or all of NCB Supplement increases to families receiving social assistance, without adjusting social assistance benefits. In 1998-1999, Newfoundland and Labrador chose not to reduce social assistance payments by the full amount of the NCB Supplement. New Brunswick passed on the full amount of the NCB Supplement, and has continued to pass on any increases. Newfoundland and Labrador redesigned its income support program in 1999-2000, with the introduction of the Newfoundland and Labrador Child Benefit as the provincial reinvestment initiative. In 2000-2001 and 2001-20002, Newfoundland and

Labrador and Manitoba did not recover the NCB Supplement increase from families receiving social assistance. In July 2001, Manitoba stopped recovering the NCB Supplement for children six or under. In January 2003, Manitoba stopped recovering the NCB Supplement for children eleven and under. Effective January 2004, Manitoba will stop the recovery for all children on social assistance. Nova Scotia restructured social assistance in 2001 and paid children's benefits via the Nova Scotia Child Benefit. In July 2002, the NCB Supplement was passed on in full to all clients in Nova Scotia.

### ***b) Children's Special Allowance Adjustments***

The Children's Special Allowance is paid on behalf of children who are in the care of provincial/territorial child welfare authorities. It mirrors the maximum Canada Child Tax Benefit (CCTB) payments, including the NCB Supplement. Jurisdictions have the option of passing on the increased NCB Supplement amount to child welfare authorities for child maintenance costs, or recovering the increase. Newfoundland and Labrador, Prince Edward Island, Nova Scotia, Manitoba, Saskatchewan and Alberta have chosen to recover the increased amount, and it is considered to be available for NCB reinvestments.



## Newfoundland and Labrador

There was no adjustment to Income Support benefits in 1998-1999. The full amount of the NCB Supplement was passed on to all low-income families regardless of their source(s) of income. In addition, all programs funded under the NCB in 1998-1999 were investments by the province.

In 1999, the Income Support Program was redesigned. This resulted in reduced Income Support benefits going to families. However, the reduction was offset by the 1999 increase in the NCB Supplement and the introduction of the Newfoundland and Labrador Child Benefit (NLCB), which all families with children in receipt of Income Support receive in total.

Newfoundland and Labrador's reinvestments and investments include:

- **Newfoundland and Labrador Child Benefit (Reinvestment)** – This is a provincial child benefit that goes to all low-income families with children in Newfoundland and Labrador. The NLCB is administered by Canada Customs and Revenue Agency (CCRA) on behalf of the province and included in the CCTB cheque that goes to all low-income families. In 2000-2001 and 2001-2002, the income threshold for eligibility was increased as a means to make more families eligible for this child benefit. The cost of increasing the income threshold was offset by slippage in the program expenditures due to fewer families becoming eligible for this benefit as a result of an improved economy.
- **Mother Baby Nutrition Supplement (Reinvestment)** – In December 2001, an additional benefit was added to the NLCB in the form of a nutritional supplement for children under 1 year of age living in families eligible for at least \$1 of NLCB. This benefit is funded through redirecting funds from the Income Support Program into the Newfoundland and Labrador Child Benefit.

**Note:** The pre-natal portion which was in the Income Support Program was also removed and is now delivered as an income-tested benefit outside the Income Support Program. Funding for this initiative is provided through the removal of funds from the Income Support Program and through Early Childhood Development Funding.

- **Unlicensed Child Care (Investment)** – This initiative increases financial support to families with dependent children who require child care in order to seek and retain employment, but for various reasons, cannot access licensed child care. This service increases benefits to families receiving Income Support and ensures families are not worse off as a result of going to work. This initiative came into effect October 1, 1998.
- **Family Child Care Agencies (Investment)** – Refers to community-based, nonprofit organizations that monitor and provide support to private care providers in family settings. The agency may receive operational funding from the Department of Health and Community Services and is licensed to monitor homes by the respective regional Health and Community Services board. In Newfoundland and Labrador, two family child care agencies are funded through the NCB.
- **Child Care Subsidy (Investment)** – NCB funding builds on the base provincial allocation for the child care subsidy program. The program is income-tested and available to families in receipt of income support and to low-income families (below annual income of \$24,000). NCB funding has allowed a change in the subsidy rate and funding to support two new service provisions – family child care and infant care. Funding also supports transportation.
- **Funding to Centres (Investment)** – NCB funding supports many new changes to the child care system in the province. In particular, funding is

**Table 19 – Newfoundland & Labrador's NCB Reinvestments and Investments**

	2000-2001 Expenditures (\$000)	2001-2002 Estimates (\$000)	2002-2003 Estimates (\$000)
<b>Child Benefits &amp; Earned Income Supplements</b>			
Newfoundland and Labrador Child Benefit (NLCB)*	8,100	7,500	8,400
<b>Child/Day Care</b>			
Unlicensed Child Care	600	600	600
Family Child Care Agencies	237	245	650
Child Care Subsidy Program	1,887	1,848	2,350
Funding to Centres	255	345	250
School-based Infant Care	49	57	75
Early Childhood Education Certification	73	131	100
Child Care Consultants	300	300	300
<b>Supplementary Health Benefits</b>			
Extended Drug Card Program	407	780	1,000
<b>Early Childhood/Children-at-Risk Services</b>			
Family Resource Programs	1,200	1,162	1,250
Post-Secondary Education and Training	161	134	134
Community Youth Networks	1,817	1,817	1,817
Residential/Mental Health	964	983	964
Intervention Program Supports**	275	447	775
Child/Youth/Family Services**	175	687	387
<b>Other</b>			
Administration	169	159	169
Funding for Project Development	0	35	0
<b>TOTAL</b>	<b>16,669</b>	<b>17,230</b>	<b>19,221</b>

\* Mother Baby Nutrition Supplement was added to the NLCB in December 2001. Funding for this initiative is provided through redirecting funds from the Income Support Program into the Newfoundland and Labrador Child Benefit.

\*\*These programs were formerly reported in 2000-2001 as "Child Care Program Support".

Note: Totals may not add due to rounding.

available to licensed centres to both upgrade and meet new regulations and to purchase new equipment for children on an annual basis. Both of these components assist in supporting quality care for young children and their families.

- **School-based Infant Care** (Investment) – This refers to group infant child care for students in high schools who require on-site care and increased support to continue their high school education. This initiative combines access to quality child care and direct supportive assistance to the high school parent(s). During the school day, the young parents are encouraged to spend breaks and free time in the centre for purposes of interacting with their baby and to gain insights and support on parenting skills. Transportation to and from the school for babies and parents is provided through other means. There are approximately 10 babies and 10 parents supported each year through this initiative.
- **Early Childhood Educator Certification** (Investment) – This component supports two ongoing initiatives: (1) distance education for persons employed in licensed child care facilities which require either Level I or Level II Early Childhood Education courses to meet legislation standards; and (2) the Registrar of Certification Office for Early Childhood Educators, which maintains a system of registration and provides orientation courses for Early Childhood Educators. Both of these initiatives are intended to support the provision of quality child care for families who require licensed care for their children.
- **Child Care Consultants** (Investment) – On an annual basis, NCB funding supports six Child Care Consultant positions in the province. These positions are located across the province within Health and Community Services Regional board structures. These positions add to the licensing and child care expertise available in the province.
- **Extended Drug Card** (Investment) – This initiative extends non-insured health care benefits to recipients of income support families for six months after they leave income support for employment. This initiative helps former recipients make the transition from dependence on income support to employment. Approximately 600 families benefit from the Extended Drug Card each month.
- **Family Resource Programs** (Investment) – These community-based programs are designed to provide a range of drop-in support services and learning activities for young children and their families. Objectives of the initiative are to improve child development outcomes, support adults in their respective care-giving roles, and increase community involvement in the support available for young children and families. The target group is primarily children up six years of age (and up to 12 where needed), pregnant women, parents, family members and other care-givers. Funding supports eight projects in the province (six of eight of these projects have three or more service sites).
- **Post-Secondary Education** (Investment) – This refers to the provision of funding to support young persons in care who require assistance to attend post-secondary education programs. Funding covers education and living expenses to attend programs. This support is considered essential for young persons who may experience barriers to accessing post-secondary education and obtaining suitable employment.
- **Community Youth Network** (Investment) – The Community Youth Network provides community-based facilities for young persons aged 12 to 18 years. There are nine hub sites with an additional 10 satellites throughout the province, all with the capacity to serve several other communities within their respective catchment areas. This initiative

aims to provide services and support along four business lines: learning, employment, community building and services. Services and support are provided in youth-friendly settings that combine many positive strategies to encourage youth participation and learning. Programs which involve intensive one-on-one support and skill development, group social, academic, recreational, and leadership approaches are used to enhance the lines of business. The projects are run by community coalitions (including youth participation), a design intended to build partnerships and support young people, especially youth who require increased assistance to achieve success in life.

- **Residential/Mental Health Services**

(Investment) – This refers to combined funding available to Health and Community Services Regions to support youth aged 12 to 18 years. At the regional board level, the funding is dedicated to residential and mental health services to support youth at risk and to implement preventive, community-based solutions for supporting young people.

- **Intervention Program Supports** (Investment) – Intervention program supports encompass two initiatives: support for implementation of home-based intensive intervention services to children under age six diagnosed with Autism Spectrum Disorder, and increased support for families of children with disabilities who require increased support in the home. These combined activities are designed to support families who have children with challenging needs and require additional support to improve both child and family outcomes.
- **Child, Youth & Family Services** (Investment) – Programs and services designed to support the safety, health and well-being of children, youth and families. They include support services for families, protection intervention (including children in care), youth services and adoptions.
- **Project Administration** (Investment) – This is funding reserved to support overall administration of the NCB initiative under the responsibility of the Department of Health and Community Services.



## ■ Prince Edward Island

In Prince Edward Island the NCB has a dual focus: to support parents to join and remain in the workforce and to enhance early childhood services. Prince Edward Island has put in place a number of reinvestment benefits that serve both purposes.

The benefits received under the NCB are considered income under the social assistance program. These benefits are deducted dollar for dollar from social assistance benefits.

Effective August 2001 and August 2002, the PEI Healthy Child Allowance was increased by an amount equal to the NCB increase.

Prince Edward Island reinvestments and investments include:

- **PEI Child Care Benefit** – An enhancement to the Child Care Subsidy Program. This benefit has provided increased access and financial support for licensed child care for up to 1,100 Island children.
- **PEI Family Health Benefit** – This program helps lower-income families with the cost of prescription drugs. Approximately 1,200 individuals are enrolled for coverage in this program.

**Table 20 – Prince Edward Island's NCB Reinvestments and Investments**

	2000-2001 Expenditures (\$000)	2001-2002 Estimates (\$000)	2002-2003 Estimates (\$000)
<b>Child/Day Care</b>			
PEI Child Care Benefit	900	700	700
<b>Supplementary Health Benefits</b>			
PEI Family Health Benefit	60	170	220
<b>Early Childhood/Children-at-Risk Services</b>			
Early Childhood Interventions	352	0	0
Speech Therapy Innovation*	0	0	75
Autism Integration Project*	0	0	125
Looking After Children	50	50	50
Children-in-Care Initiatives	88	150	150
Children's Mental Health	50	250	250
Healthy Child Allowance	0	970	915
<b>Other</b>			
Employment Enhancement/Job Creation	200	200	200
Literacy/Adult Basic Education	100	100	100
<b>TOTAL</b>	<b>1,800</b>	<b>2,590</b>	<b>2,785</b>

\* In 2000-2001, these programs were part of the Early Childhood Interventions.

Note: Totals may not add due to rounding.



- **Speech Therapy Innovation** – This program is part of the Healthy Child Development Strategy, implemented across Prince Edward Island, which recognizes the importance of early intervention in the development of children. In 2002-2003 it is estimated that speech therapy to pre-school children will benefit approximately 300 children.
- **Autism Integration Project** – This program is also part of the Healthy Child Development Strategy. In 2002-2003 it is estimated that the pre-school intervention to children with autism will benefit approximately 50 children.
- **Looking After Children** – NCB funds have been key to implementing this project for delivery of services to children in care. The project has included the development of research-based policies, training for care providers, materials, and review processes. In 2001-2002, advances in programming will benefit the more than 600 children who are in care at any given time.
- **Other Children in Care Initiatives** – NCB funds have also been used to support the delivery of children in care services to more than 200 children in PEI.
- **Children's Mental Health** – This was a new service in 2000-2001. The NCB has provided the funding necessary to establish a new multidisciplinary children's mental health clinical team. This team provides an improved response to Island families who have children with complex mental health problems. Approximately 500 children per year will receive assistance.
- **Healthy Child Allowance** – A social assistance benefit payable to families with children under the age of 18 to provide for participation in sport, recreation and/or cultural activities. It is estimated that 2,500 children will benefit from this allowance. Effective July 2002, the benefit amount was increased to \$41 per month (from \$38 per month).
- **Employment Enhancement and Job Creation Programs** – NCB funds have been used to help increase activity under these programs. The NCB contribution has enabled approximately 150 parents on social assistance in 2001-2002 to upgrade their job skills and obtain employment.
- **Literacy/Adult Basic Education Program** – One of the stepping stones to independence is literacy. This program, delivered by the PEI Institute of Adult and Community Education, has helped make adult literacy education available at the community level. NCB funds annually help up to 100 parents on social assistance to take advantage of this program.

## ■ Nova Scotia

Consistent with this joint initiative of the federal, provincial and territorial governments, the government of Nova Scotia has taken significant steps to help improve the situation for low-income families with children.

There are two components to the NCB initiative in Nova Scotia:

1. The Nova Scotia Child Benefit provides low-income families with monthly payments to assist them with the cost of raising children under 18 years of age.
2. The Healthy Child Development Initiative provides funding for early childhood services, including child care and programs for children at risk.

Both of these programs meet the objective of the NCB.

During 2001-2002, Nova Scotia estimated that a total of \$29.5 million was spent on NCB programs.

### Nova Scotia Child Benefit

- In August 2001, the government of Nova Scotia introduced its new *Employment Support and*

*Income Assistance Act*. As part of the Act, the government removed the children's allowance from the income assistance system and substantially increased the Nova Scotia Child Benefit. The increased Nova Scotia Child Benefit was fully integrated with the CCTB to establish a single, non-taxable, monthly payment for all low-income families.

- As a result of this change, many low-income families – whether they were working or receiving income assistance – saw an increase in the total amount of child benefit they received. This was the case for single-parent families, two-parent families and those with special needs. But this was only one way in which the change has made a difference in preventing and reducing the depth of child poverty.
- Providing child benefits outside the income assistance system has also made it easier and more financially viable for parents who are receiving income assistance to return to work. This is due to a number of factors, including an increase in net income for working parents, the continuation of child benefits outside of the

**Table 21 – Nova Scotia's NCB Reinvestments and Investments**

	2000-2001 Expenditures* (\$000)	2001-2002 Estimates (\$000)	2002-2003 Estimates (\$000)
<b>Child Benefits &amp; Earned Income Supplements</b>			
Nova Scotia Child Benefit	19,398	26,698	28,400
<b>Child/Day Care</b>			
Child Care	1,478	1,537	1,537
<b>Early Childhood/Children-at-Risk Services</b>			
Early Intervention Programs	515	675	675
Community-Based Prevention Programs	287	564	352
<b>TOTAL</b>	<b>21,678</b>	<b>29,474</b>	<b>30,964</b>
<b>Unspent Reinvestment Funds</b>	<b>450</b>		

\* Some of the expenditures for 2000-2001 differ from those reported in the *NCB Progress Report: 2001* due to data revisions.

Note: Totals may not add due to rounding.

income assistance system and enhanced employment supports such as assistance with transportation, child care and employment-related expenses. Extended drug coverage for up to 12 months is also provided to clients entering the workforce.

- The Nova Scotia Child Benefit, the NCB Supplement and the base benefit of the CCTB are all delivered by Canada Customs and Revenue Agency. Together they provide an estimated \$97 million in direct support of 60,000 children in Nova Scotia each year.

### **Healthy Child Development Initiative**

- From 1998 to 2001, the Nova Scotia government directed a small portion of the recoveries from the NCB to the Healthy Child Development Initiative. The purpose of this initiative is to give children a better start in life and to build a better future for children and society. Since the introduction of the new *Employment Support and Income Assistance Act* in August 2001, the province provides this funding directly and all federal benefits flow directly through to families.
- The establishment of the Healthy Child Development Initiative was an important step in achieving the objectives of the NCB. It allowed the government to expand and strengthen programs and services for children, including child care and early intervention and prevention for children at risk.

### **Child Care**

- In 1998, the Healthy Child Development Initiative Steering Committee began consultations with community stakeholders. As a result of these consultations, Nova Scotia expanded its Child Care by increasing the number of subsidized child care spaces and providing for portable child care spaces across the province for children with special needs.

- Since 1998, 280 new subsidized child care spaces have been funded, including 30 spaces for children with special needs. Providing subsidies to offset the cost of licensed child care supports parents who require child care in order to work or attend school.

### **Early Intervention Programs**

- The Province of Nova Scotia has enhanced early intervention programs to provide services for pre-school children with special needs. The government has provided additional operating grants to existing centres and has initiated new programs to ensure that all families with children with special needs have access to this service throughout the province.
- Early interventionists work directly with children and their families in both their homes and other natural environments to ensure that developmental progress is made in inclusive settings. The goal of early intervention is to help pre-school aged children with developmental disabilities reach their potential. The government provides grants to support a total of 16 early intervention programs for children throughout the province and assists community groups in starting early intervention programs in their local areas.

### **Community-Based Prevention Programs**

- The Province of Nova Scotia provides grants to enhance and build upon existing parent and family support programs in the community. These community-based prevention programs are specifically designed to support low-income families throughout the province.

For additional information contact:

Department of Community Services  
PO Box 696  
Halifax, NS B3J 2T7  
Telephone: (902) 424-4326  
Fax: (902) 424-0549  
E-mail: [webcoms@gov.ns.ca](mailto:webcoms@gov.ns.ca)

## ■ New Brunswick

In 1998-1999, New Brunswick passed on the full value of the federal NCB Supplement to families on social assistance, and has continued to pass on all subsequent increases. In August of 1998, the province made investments under the NCB initiative through increased funding for child care and the creation of the Alternative Child Care Program. New Brunswick has consistently maintained or increased the level of funding for each of its initiatives since the creation of the NCB in 1998.

New Brunswick's reinvestments and investments include:

- **Day Care Assistance Program** – This program makes available an increased number of subsidized day care spaces.
- **Alternative Child Care Assistance** – Financial assistance may also be available to low-income parents or guardians who are in school or are working and do not have access to licensed day care.

- **Provincial Breastfeeding Strategy** – This strategy assists in the promotion, protection and support of breastfeeding.
- **Healthy Minds Nutritional Partnership** – The pilot program (Healthy Minds Breakfast Pilot Program) addressed the nutritional needs of elementary school students by providing basic breakfast items. Approximately 2,150 children benefited from the pilot in 1999-2000. The program was significantly expanded in 2000-2001, and was renamed the Healthy Minds Nutritional Partnership. The program benefited as many as 6,900 students across the province in 2001-2002.
- **Youth Addictions** – Enhanced funding provided increased education, prevention and chemical dependency treatment for approximately 1,665 children and youth aged 12 to 19 in 2001-2002.
- **Positive Learning Environment** – New funding was provided to address the unmet needs of children by identifying best practices for discipline in the school system when a positive environment alone is not enough. It includes setting limits for behaviour and identifying the responsibilities of all partners in the school system.

**Table 22 – New Brunswick's NCB Investments**

	2000-2001 Expenditures* (\$000)	2001-2002 Estimates (\$000)	2002-2003 Estimates (\$000)
<b>Child/Day Care</b>			
Day Care Assistance Program	1,554	1,233	2,568
Alternative Child Care Assistance	580	738	700
<b>Early Childhood/Children-at-Risk Services</b>			
Provincial Breastfeeding Strategy	40	40	40
Healthy Minds Nutritional Partnership	607	880	976
Youth Addictions	1,100	1,262	1,405
Positive Learning Environment	3,000	3,000	3,000
<b>TOTAL</b>	<b>6,881</b>	<b>7,153</b>	<b>8,689</b>

\* Some of the expenditures for 2000-2001 differ from those reported in the *NCB Progress Report: 2001*, as figures reported in last year's report were budgeted estimates and not actual expenditures.

Note: Figures exclude funds that were invested in these program areas prior to the introduction of the NCB in 1998. Total expenditures for these programs in 2000-2001 was \$11,708,000, in 2001-2002 total expenditures were \$11,980,199, and are estimated to reach \$13,515,500 in 2002-2003.

Totals may not add due to rounding.



## Ontario

Ontario adjusts social assistance payments by the amount of recipients' NCB Supplement through an income charge, i.e., the actual NCB Supplement amount the client receives is charged as income against the social assistance allowance.

The Children's Special Allowance has been passed through to child welfare agencies and does not form part of the provincial and municipal funds available for reinvestment.

In Ontario, the provincial government and municipalities have made significant investments in NCB initiatives. Since social assistance is cost-shared between the province and municipalities, each has a role to play in Ontario's reinvestment strategy.

Total NCB reinvestment funds for 2002-2003 are estimated at approximately \$202.1 million. The provincial share of these funds is estimated at \$161.7 million and the municipal share is estimated

at \$40.4 million. When these reinvestments are combined with Ontario's additional investments of \$55.3 million in the Ontario Child Care Supplement for Working Families (OCCS), Ontario's overall NCB-related investments are estimated at \$257.4 million.

The main provincial reinvestment program for 2002-2003 will be the OCCS. Each year, over \$200 million is spent on the OCCS, funded from the NCB and additional provincial investments, including \$40 million carried forward from the former Ontario Child Care Tax Credit.

In 2002-2003, the province is also investing \$42 million in programs aimed at helping vulnerable children and their families through the 4 Point Plan for Children's Mental Health and Children's Treatment Centres.

**Table 23 – Ontario's NCB Reinvestments and Investments**

	2000-2001 Expenditures (\$000)	2001-2002 Estimates (\$000)	2002-2003 Estimates (\$000)
<b>Child/Day Care</b>			
Ontario Child Care Supplement for Working Families <sup>1</sup>	158,772	140,869	175,000
<b>Early Childhood/Children-at-Risk Services</b>			
4 Point Plan on Children's Mental Health	15,000	20,000	20,000
Children's Treatment Centres	0	20,000	22,000
<b>Other</b>			
Municipal Reinvestments	33,335	38,317	40,422
<b>TOTAL</b>	<b>207,106</b>	<b>219,186</b>	<b>257,422</b>

<sup>1</sup> Figures for 2002-2003 consist of NCB reinvestments of \$119.7 million and additional Ontario investments of \$55.3 million. Figures exclude an additional \$40 million previously committed to the former Ontario Child Care Tax Credit.

Amounts as of September 13, 2002. Actual expenditures may be adjusted for up to 18 months beyond the end of the fiscal year due to accounting under the Ontario Child Care Supplement for Working Families. Families are eligible for benefits for an 18-month period beyond the end of a fiscal year or for a period of 18 months from the time of a tax reassessment.

Note: Totals may not add due to rounding.



Ontario's initiatives include:

- **Ontario Child Care Supplement for Working Families (OCCS)** – This program, created in 1998, provides low- to moderate- income working families with a benefit for each child under age seven. Families are eligible for the OCCS if they have employment earnings exceeding \$5,000 for the year, regardless of whether they have child care expenses. It is also available to families where parents are attending school or training programs and have qualifying child care expenses. The benefit is reduced by eight percent of family income in excess of \$20,000.

In 2000-2001, Ontario introduced an additional benefit for single parents providing qualifying families with a maximum annual benefit of \$1,310 for each child under the age of seven. Funding for the single-parent supplement represents an additional provincial investment in low-income children.

In 2002-2003, the OCCS provides support to more than 222,000 families with 367,000 children.

- **4 Point Plan for Children's Mental Health** – The province is providing \$20 million in 2002-2003 to address critical service areas in children's mental health. The plan supports intensive child and family services, mobile crisis services, telepsychiatry, and common intake and assessment tools.

- **Children's Treatment Centres** – The province has allocated \$22 million in 2002-2003 to support the development of innovative approaches to assisting children with special needs.
- **Municipal Reinvestment Strategies** – Ontario municipalities implement their own initiatives as part of Ontario's overall reinvestment strategy. These strategies, designed to meet local needs and priorities, include initiatives such as early intervention, child care, employment supports and prevention programs. The latest Ontario municipal report is available online at [www.cfcs.gov.on.ca](http://www.cfcs.gov.on.ca).

For additional information on the Ontario Child Care Supplement for Working Families, visit [www.trd.fin.gov.on.ca](http://www.trd.fin.gov.on.ca).

For further information about the programs for children and families provided by the Ministry of Community, Family and Children's Services, visit [www.cfcs.gov.on.ca](http://www.cfcs.gov.on.ca).

Manitoba has continued to build upon programs and services which help reduce and prevent child and family poverty, promote labour market attachment and foster early childhood development.

Manitoba's reinvestments and investments include:

- **Child Day Care** – Since April 2000, child care funding in Manitoba has increased by 32 percent, improving salaries for early childhood educators and providing additional subsidies for children. Increased funding has also been provided to integrate more children with disabilities into the child care system, and to expand the number of licensed child care spaces.
- **Children's Special Services** – Community-based services are provided to an increased number of families who care for children with a mental and/or physical disability in their own homes.
- **Healthy Baby** – The Manitoba Prenatal Benefit assists income-eligible pregnant women to meet their extra nutritional needs during pregnancy. Pregnant women and new mothers also have access to expanded community support programs.
- **Healthy Adolescent Development** – These programs offer strategies and interventions that reduce the risk factors for young people, including reducing the likelihood that they will become teen parents.
- **Baby First** – Baby First provides a three-year home visiting program for newborns and their families based on universal screening and is delivered through the community health system.
- **Early Start** – Early Start enhances children's readiness to learn prior to school entry. Early Start provides a three-year home visiting program for families with children who have special social needs and are currently attending licensed child care.
- **Parent-Child Centred Approach** – This approach brings resources together through community coalitions across the province which support parenting, improve children's nutrition and literacy and build capacity for helping families in their own communities. Each parent-child centred coalition determines the unique form that activities will take based on the needs of the community.
- **STOP FAS** – STOP FAS is a three-year mentoring program for women at risk of having a child with fetal alcohol syndrome or fetal alcohol effects (FAS/FAE). Following from the success of two Winnipeg sites, STOP FAS was expanded to Thompson and The Pas in northern Manitoba.
- **Special Needs Programs for Children in Schools** – These programs provide funding for the development and operation of school-based interventions for students with severe and profound behavioural and emotional disorders.
- **Healthy Schools** – This initiative links the health and education communities to promote healthy children and healthy schools.
- **Other Programs** – Consistent with the Healthy Child Framework, community-based organizations provide programming for at-risk mothers and children.

<sup>38</sup> In July 2000, Manitoba stopped recovering increases in the NCB Supplement. In July 2001, Manitoba stopped recovering the NCB Supplement for children six and under. In January 2003, Manitoba stopped recovering the NCB Supplement for children eleven and under. Effective January 2004, Manitoba will stop the recovery for all children on social assistance.

**Table 24 – Manitoba's NCB Reinvestments and Investments**

	2000-2001 Expenditures (\$000)	2001-2002 Estimates (\$000)	2002-2003 Estimates (\$000)
<b>Child/Day Care</b>			
Child Day Care <sup>1</sup>	8,018	6,394	2,445
<b>Early Childhood/Children-at-Risk Services</b>			
Children's Special Services <sup>1</sup> *	922	582	1,795
Healthy Child Manitoba:			
Healthy Baby *	3,167	3,170	5,214
Healthy Adolescent Development <sup>2</sup>	334	313	208
Baby First *	3,041	4,255	5,694
Early Start *	894	1,096	1,430
Parent Child Centred Approach*	781	920	2,600
STOP FAS *	508	581	704
Special Needs Programs for Children in Schools	670	770	756
Healthy Schools	155	92	383
Other Programs **	280	818	923
Education & Youth Early Childhood Development Initiative (ECDI) *	0	547	500
Early Literacy	5,700	5,700	5,700
<b>Other</b>			
Workforce Attachment	2,450	2,069	2,260
Building Independence/Social Assistance <sup>1</sup>	3,749	5,149	6,849
<b>TOTAL</b>	<b>30,667</b>	<b>32,456</b>	<b>37,461</b>

<sup>1</sup> The amounts indicated for Child Day Care, Children's Special Services and Social Assistance represent new incremental funding amounts only and do not include base funding in place prior to the introduction of the NCB.

<sup>2</sup> The Healthy Adolescent Development initiative expands on and replaces the Adolescent Pregnancy Prevention Strategy referenced in the *NCB Progress Report: 2001*.

\* Funding including Manitoba's Child Day Care program and Early Childhood /Children-at-Risk Services is provided through remaining NCB Supplement recoveries, the federal Early Childhood Development transfer (\$11.1 million in 2001-2002 and \$14.8 million in 2002-2003) and provincial revenue.

\*\* Includes a variety of community-based programs for at-risk mothers and children.

Note: Totals may not add due to rounding.

- **Education and Youth Early Childhood Development Initiative (ECDI)** – ECDI assists school divisions and districts in their efforts to provide intersectoral services for pre-schoolers (birth to school age). ECDI, in partnership with Healthy Child Manitoba, is designed to facilitate pre-schoolers' readiness to learn prior to school entry.
- **Early Literacy** – This grant program supports efforts to accelerate the literacy development of the lowest achieving students in Grade 1.
- **Workforce Attachment** – New initiative provide low-income parents with training and employment services to help them obtain and maintain employment.
- **Building Independence/Social Assistance** – Manitoba has increased supports for parents to enter or re-enter the labour market, has improved benefits for families receiving income assistance and has increased allowances for school supplies. Job centre supports and work incentives have been enhanced and supports to help citizens become independent have been improved.

### ***Federal/Provincial/Territorial Early Childhood Development Programs***

The Government of Manitoba is committed to supporting early childhood development – as demonstrated by new and expanded early years programming. Since April 2000, Manitoba has increased investments in early childhood development by over \$40 million (included in the above columns for 2000-2001 to 2002-2003). Through a partnership with regional early year teams and parent-child centred coalitions, a continuum of services to support Manitoba children and families is being developed. The Province of Manitoba is pleased to acknowledge its partnership with the Government of Canada in supporting Early Childhood Development (ECD) initiatives. Of the \$40 million incremental investment for ECD in Manitoba since April 2000, Canada has contributed \$11.1 million in 2001-2002 and \$14.8 million in 2002-2003.

## ■ Saskatchewan

NCB reinvestment funds have been used by Saskatchewan to develop supports that help families move from welfare into work, and help prevent working families from falling onto social assistance. Saskatchewan's NCB reinvestment strategy is part of a broader strategic plan to develop mainstream measures that support social and economic inclusion for all Saskatchewan people.

When the NCB was introduced in 1998, Saskatchewan supplemented reinvestment funds with additional provincial investment funds. This additional funding allowed the province to move children's basic benefits completely outside of welfare, extend comparable benefits to low-income working families, and introduce complementary initiatives to support labour market attachment.

Saskatchewan's reinvestments and investments include:

- **Saskatchewan Child Benefit** – This payment to low-income parents is designed to help with the costs of raising a child. Together with the NCB Supplement, the program replaces social assistance for children, and provides child benefits to low-income families, whether parents are on social assistance or employed. Paying child benefits outside of social assistance makes it easier for parents to move to or remain in the labour market. The Saskatchewan Child Benefit is delivered as an integrated payment with the Canada Child Tax Benefit to reduce duplication and simplify administration. Over time, the Saskatchewan Child Benefit will phase out, as it is replaced by federal increases to the NCB Supplement.

**Table 25 – Saskatchewan's NCB Reinvestments and Investments**

	2000-2001 Expenditures* (\$000)	2001-2002 Estimates (\$000)	2002-2003 Estimates (\$000)
<b>Child Benefits &amp; Earned Income Supplements</b>			
Saskatchewan Child Benefit	24,825	17,496	13,187
Saskatchewan Employment Supplement	6,121	11,632	13,092
<b>Child/Day Care</b>			
Child Care Enhancements	0	0	723
<b>Health Benefits</b>			
Family Health Benefits	4,804	5,926	6,660
<b>Other</b>			
Community Schools Program	0	4,532	7,112
Employment Supports	0	0	498
Maintenance Enhancement Project	0	0	135
<b>TOTAL**</b>	<b>35,750</b>	<b>39,586</b>	<b>41,407</b>

\* Expenditures for 2000-2001 differ from those reported in the *NCB Progress Report: 2001* due to a change in the format of the data.

\*\*Total expenditures shown in the above table include incremental provincial investment funds of \$6.8 million in 2000-2001; \$1.586 million in 2001-2002; and \$247,000 in 2002-2003.

Note: Totals may not add due to rounding.



- **Saskatchewan Employment Supplement** – This benefit is paid to low-income parents who are employed or who receive maintenance payments. The supplement supports employment by offsetting child-related costs that a parent may incur through working. It also improves incentives to collect maintenance payments by increasing the net value of the payment to the family.
- **Child Day Care Program** – Access to suitable child care arrangements is a critical support that helps parents enter and remain in the labour force, especially those whose children have special needs. Enhanced funding was provided in 2002 to develop additional child care spaces and supports for the inclusion needs of low-income and high- needs families. These targeted supports provide low-income families with affordable, reliable child care so they can go to work or school and feel secure about the care of their children.
- **Family Health Benefits** – This program extends supplementary health coverage to low-income families to assist with the cost of raising children. The program provides additional children's coverage for dental, optometry, chiropractic services, prescription drugs, ambulance transportation, and medical supplies. More limited coverage for eye care, drugs, and chiropractic services is also provided to parents. With this program, low-income families are assured of retaining health benefits as they leave social assistance for work opportunities and are not forced onto assistance due to children's health costs.
- **Community Schools Program** – In 2001-2002 and 2002-2003, incremental funding was provided to expand the Community Schools Program. Located in low-income areas, this program addresses barriers to success in school and in life by drawing parents and community resources into the schools. Parenting, pre-kindergarten and teen parent programs, and adult education courses are among the programs offered in community schools. Through the adult programming offered at Community Schools many participants gain the necessary skills and supports to enter the work force or pursue further training opportunities.
- **Employment Support Programs** – These programs provide on-the-job training, job coaching, and productivity supports to assist individuals to attach to and remain in the labour force. In 2002-2003, targeted funding was provided to enable families on social assistance and high-risk youth under 18 years, who are at risk of becoming reliant on social assistance, access employment opportunities and make the transition to independence.
- **Maintenance Enhancement Project** – This project, introduced in 2002-2003, assists low-income single parents to receive or increase maintenance income for their children. The income from child maintenance payments, which is eligible for additional supplementation available under the Saskatchewan Employment Supplement, helps parents achieve greater financial independence.

Alberta's NCB programs aim to prevent and reduce the depth of child poverty, assist low-income families with costs associated with raising children and encourage parents to participate in the workforce by ensuring they are better off working. The NCB reinvestment funds, along with Alberta's provincially invested funds support programs and services which complement and support existing legislation for low-income families with children.

Alberta's NCB reinvestments and investments include:

- **Child Care Subsidy** – The province's child care program helps working parents remain in the labour market. In 2000-2001, Alberta allocated additional NCB reinvestment funds to raise the net income qualification levels for the Child Care Subsidy. Alberta continues to assist 12,000 children by maintaining these higher income qualification levels.
- **Developmental Child Care** – This is a new NCB benefit for 2002-2003. It is a child care quality improvement benefit to support programs such as pre-accreditation of day care staff, home visitation, train-the-trainer to assist families with children living in high-risk situations, child nutrition supports and family respite.
- **Alberta Child Health Benefit (ACHB)** – This is Alberta's largest NCB program. The ACHB removes a significant barrier faced by low-income parents who are moving from social assistance programs to employment. The ACHB provides premium-free prescription drugs, optical and dental services, emergency ambulance transportation and essential diabetic supplies to children in low-income families.
- **Alberta Adult Health Benefit (AAHB)** – This is a new benefit that complements the ACHB program, by providing the same medical coverage as the ACHB to parents who leave social assistance to pursue employment. This benefit for parents leaving the Supports for Independence program for employment purposes came into effect November 1, 2002.
- **Protection of Children Involved in Prostitution (PChIP)** – The government of Alberta included this service in groundbreaking legislation to protect children from sexual exploitation. Under PChIP, children and youth are provided a safe environment along with substance abuse counselling, medical supports, psychological services and educational and life skills supports.
- **Supports for Independence (SFI) Shelter Benefit** – This reinvestment increases shelter benefits for families with children who rely on the provincial income support program, SFI, to meet their basic needs. Over 11,000 families with children benefited from an increased SFI benefit during 2001-2002.
- **Transitional Support for Youth Leaving Child Welfare** – Alberta reinvested in supports for youth making the transition from Child Welfare to independent living. Included in this service are supported independent living programs, mentoring, and various incentives and supports to pursue education or training.
- **SFI School Allowance Benefit** – NCB reinvestment funding helps cover the costs of registration fees, school and gym supplies and other education related costs. This benefit was provided to over 21,000 Alberta children during 2001-2002.

- **SFI Earnings Exemption** – Effective December 2001, the earnings exemption for families receiving SFI was increased. Single parents and families with two working parents can now earn up to \$230 per month before their SFI benefits are reduced. Any income from children in the

family unit is exempted 100% as long as the child is in school full-time. In addition to these changes, an **Employment Maintenance Benefit** of \$120 is provided for parents who face extra costs, such as transportation, which are associated with their jobs.

**Table 26 – Alberta's NCB Reinvestment and Investments**

	2000-2001 Expenditures* (\$000)	2001-2002 Estimates (\$000)	2002-2003 Estimates (\$000)
<b>Child/Day Care</b>			
Child Care Subsidy	6,300	6,200	6,200
Developmental Child Care	0	0	2,200
<b>Supplementary Health Benefits</b>			
Alberta Child Health Benefit**	17,300	17,243	19,266
Alberta Adult Health Benefit	0	0	0
<b>Early Childhood/Children-at-Risk Services</b>			
Protection of Children Involved in Prostitution	600	600	600
<b>Other</b>			
Supports for Independence (SFI) Shelter Benefit	5,735	4,640	4,650
SFI School Allowance Benefit	1,250	1,151	1,184
SFI Earnings Exemption Increase	0	2,051	6,207
Employment Maintenance Benefit	0	315	299
Transitional Support for Youth Leaving Child Welfare	937	1,250	1,250
<b>TOTAL</b>	<b>32,122</b>	<b>33,450</b>	<b>42,456</b>

\* Some of the expenditures for 2000-2001 differ from those reported in the *NCB Progress Report: 2001* due to data revisions.

\*\*Alberta Child Health Benefit expenditures do not include benefits paid for children of upgrading students. The funding for this comes from reducing student assistance to offset part of the NCB Supplement received by students with children.

Note: Totals may not add due to rounding.

## ■ British Columbia

British Columbia's NCB reinvestments are devoted to a wide range of programs benefiting low-income families with children. The province's commitment to this type of program began before the NCB was established. For example, the BC Family Bonus was implemented two years before the NCB and served as one of the models for the national program.

British Columbia reinvestments include:

- **BC Earned Income Benefit (BCEIB)** – The BC Earned Income Benefit was introduced in July 1998 as an additional incentive for those on welfare to seek work and remain employed. The BCEIB pays an additional monthly amount based upon the earned income that a family receives from working.
- **BC Family Bonus Increase** – The BC Family Bonus (BCFB) is a tax-free monthly benefit paid to low- and modest-income families with children. The program was implemented in 1996, two years prior to the implementation of the NCB. In 1998, the BCFB was combined with the base benefit of the CCTB into a single monthly payment for families with children. Since 1996 British Columbia has invested almost \$1.6 billion in the BCFB.

Since July 1998, the combined BC Family Bonus and NCB Supplement has increased from up to \$103 per child per month to about \$116 per child per month in 2002-2003.

The BCEIB and the BC Family Bonus are tax-free monthly benefits that make it more attractive for those on welfare to seek work and to remain employed. Benefits from these programs are combined with the base benefit of the CCTB into a single monthly payment.

- **Family Earnings Exemption** – A flat rate earnings exemption was introduced in January 2000, which allowed families on income

assistance to keep up to \$200 of earned income each month. This program was eliminated in April 2002.

- **Supported Child Care** – The Supported Child Care program promotes inclusion of children with special needs in “typical” community child care settings. In addition, a space-free subsidy of up to \$107 per month is available.
- **Before and After School Care/Child Care Subsidy, Volume Increase** – The Ministry expanded access to before and after school care for children age 6 to 12 years. The Ministry provided additional funds for its child care subsidy program. The increment included under NCB is for increased subsidy uptake for before and after school care.
- **Healthy Kids Dental and Optical** – The Healthy Kids program extends basic dental treatment and eyewear to children in low- and moderate-income families. Healthy Kids removes one of the barriers to moving from welfare to work by providing coverage to children receiving services through the Ministry.
- **Building Blocks** – Building Blocks programs cover a range of community-based services to support children and their families in areas of Fetal Alcohol Spectrum Disorder prevention, building parent capacity through infant toddler stimulation and home visiting programs. The initiatives work with communities and families to support families in need of additional supports to enhance their capacity to provide a safe, nurturing environment that maximizes children's growth and development potential.
- **Foster Care 2000** – Foster Care 2000 provides for continuing improvements to training and support for foster parents. The budget for this program was increased in the 2000-2001 fiscal year.

**Table 27 – British Columbia's NCB Reinvestments**

	2000-2001 Expenditures (\$000)	2001-2002 Estimates (\$000)	2002-2003 Estimates (\$000)
<b>Child Benefits &amp; Earned Income Supplements</b>			
BC Earned Income Benefit	69,784	68,378	69,696
BC Family Bonus Increase	10,000	57,230	76,540
Family Earnings Exemption	17,936	18,212	0
<b>Child/Day Care</b>			
Supported Child Care	1,000	1,725	2,084
Before and After School Care	14,000	25,077	30,257
Child Care Volume Increase	1,350	0	0
<b>Supplementary Health Care</b>			
Healthy Kids Dental and Optical	0	1,425	0
<b>Early Childhood/Children-at-Risk Services</b>			
Foster Care 2000	1,000	2,292	2,292
Youth Initiatives	5,830	8,522	15,791
Family Support Programs	28,400	28,400	29,525
Youth Alcohol and Drug Strategy	6,450	6,524	7,262
Aboriginal Strategy	4,700	6,220	19,948
School-based Programs	1,500	2,508	2,508
<b>Other</b>			
Youth Community Action	500	1,765	0
Education Support for Families	6,400	6,400	6,400
Social Housing	6,400	10,034	13,822
Safe Schools	1,000	1,137	1,274
<b>TOTAL</b>	<b>176,250</b>	<b>245,849</b>	<b>277,399</b>

The amounts reported for 2001-2002 and the estimates reported for 2002-2003 exclude the amounts reported under the Early Childhood Development Agreement.

Note: Totals may not add due to rounding.



- **Youth Initiatives** – These programs are targeted to at-risk youth. They include safe housing for sexually-exploited youth and youth agreements which provide financial, residential, educational and other support services to assist street youth, sexually-exploited youth and other homeless youth in making a transition to adulthood and financial/social independence.
- **Family Support Programs** – Family Support Programs are intended to enhance family functioning, to preserve family integrity and to offer child development and parenting skills assistance to families.
- **Youth Alcohol and Drug Strategy** – This strategy has included funding for new youth detox beds, youth residential services beds, youth residential detox and treatment services beds, intensive day treatment programming and family and youth counsellors and strategies to address Fetal Alcohol Syndrome.
- **Aboriginal Strategy** – This funding is devoted to developing administrative and service structures for Aboriginal organizations and training of staff who will develop and deliver services for children and families.
- **School-based Programs** – Funding is provided for school-based programs, including youth and family counsellors, inner city schools, school meals programs and other supports.
- **Youth Community Action** – This program wound down in 2001-2002. It provided young people with the opportunity to earn credit for tuition fees while participating in approved community service projects. A maximum of \$2,400 could be applied towards post-secondary tuition fees.
- **Education Supports for Families** – This benefit represents a \$50 per week increase to students with dependants. The support recognizes the challenge faced by those students who are going to school while raising children.
- **Social Housing** – The Government of British Columbia has been actively increasing availability of and access to affordable housing for low-income British Columbia families. As new housing is completed, subsidy expenditures for families increase year over year.
- **Safe Schools** – The province's safe schools program provided funding for the development of violence prevention programs, raising awareness about safety issues, and addressing the factors that can lead to violence in BC schools. In 2001-2002, funding helped to maintain the Safe School Centre until June 2002.

## ■ Yukon

All of the Yukon reinvestments and investments were put in place to support the government's Anti-Poverty Strategy and its emphasis on supporting healthy children, healthy families, and healthy communities as well as recognizing the long-term benefits of early childhood interventions. They also represent an integration of health and social services programming.

Yukon's reinvestments and investments include:

### Yukon Child Benefit (YCB): Investment

- Yukon families in receipt of the base benefit of the CCTB and the NCB Supplement are automatically considered for the Yukon Child Benefit (YCB). The YCB is an investment that supplements the NCB and is based on the same objectives and principles.
- The benefit is tax-free and is not considered as income (i.e., not counted) when calculating social assistance benefits. The full benefit of \$300 per year per child is available for families with net

annual incomes below \$16,700. Families with net annual incomes above \$16,700 have the full benefit gradually reduced at 2.5 percent for the first child and five percent for all additional children. Benefits reach \$0 at annual incomes of \$28,700 for families with one and two children, \$34,700 for families with three children, \$40,700 for families with four children and \$46,700 for families with five children.

- In 2000-2001 a total of 1,154 families with 2,148 children benefited from the YCB. In 2001-2002 a total of 1,065 families with 1,958 children benefited from the YCB.
- It is estimated that in 2002-2003, approximately 1,200 families with 2,200 children will benefit from the YCB.

The Yukon Government negotiated a recovery from Indian and Northern Affairs Canada (INAC) for costs of the YCB associated with status Indian children in the Yukon.

**Table 28 – Yukon's NCB Reinvestments and Investments**

	2000-2001 Expenditures* (\$000)	2001-2002 Estimates (\$000)	2002-2003 Estimates (\$000)
<b>Child Benefits &amp; Earned Income Supplements</b>			
Yukon Child Benefit**	357	317	350
<b>Supplementary Health Benefits</b>			
Children's Drug/Optical	20	20	20
<b>Early Childhood Services/Children-at-Risk Services</b>			
Kids' Recreation Fund	60	60	60
Healthy Families	145	180	180
Food for Learning	30	30	30
<b>TOTAL</b>	<b>612</b>	<b>607</b>	<b>640</b>

\* Some of the expenditures for 2000-2001 differ from those reported in the *NCB Progress Report: 2001* due to data revisions.

\*\*Not including funds recovered from the federal Department of Indian Affairs and Northern Development.

Note: Totals may not add due to rounding.

### **Yukon Children's Drug and Optical Program (CDOP): Reinvestment**

This program is designed to assist low-income families with the cost of prescription drugs and eye care for children up to 18 years of age.

- Families must pay a deductible based on their income and the number of family members. There is no deductible for low-income families.
- 392 children benefited during 2000-2001.
- 324 children benefited in 2001-2002.
- It is estimated that 375 children will benefit in 2002-2003.

### **Kid's Recreation Fund (KRF): Reinvestment**

- The fund covers registration fees, equipment and supplies for sports, arts, cultural, recreational or social activities.
- In the year 2000-2001, 900 children benefited from the program. In the year 2001-2002, 743 children benefited from the program.
- It is estimated that 900 children will benefit from the program in 2002-2003.

### **Healthy Families Initiative: Reinvestment**

This program – in partnership with public health nurses and healthy family support workers – provides in-home assistance and education to new parents, to ensure that infants receive care and stimulation so crucial to their long-term well-being and healthy development and supports to parents who are adapting to life with an infant and learning necessary skills to care for the child.

- 41 families and 50 children benefited from this program during 2000-2001 in addition to the screening of 251 births.

- In 2001-2002, 208 screens were completed with 92 families and 76 children benefiting from the program.
- It is estimated that in 2002-2003 there will be 104 families with 93 children benefiting from the program.

### **Food for Learning: Investment**

The "Yukon Food for Learning" Society provides funds to assist schools in offering nutrition programs such as breakfast, lunch or snacks for students who, for some reason, do not have enough to eat.

- The Yukon Government provided a one-time reinvestment of \$30,000 in 1998-1999 to enhance the Food for Learning Project for a total contribution of \$60,000 (\$30,000 investment).
- The project is currently operated by a non-governmental organization that receives funds from the territorial government, donations and other sources.

Social Assistance adjustments are made monthly by treating the actual amount of the NCB Supplement received as a separate category under income. This results in a deduction from social assistance that is not subject to either the flat rate income exemption (\$150/family/month) or the earned income exemption (25% of earned income). For non-taxfilers, the amount of the NCB Supplement is covered by social assistance but the client must sign an "agreement to repay" when their NCB Supplement is issued for the portion that social assistance covered. This situation rarely happens.

## Northwest Territories

The Government of the Northwest Territories continues to reinvest funding arising from the NCB in the Northwest Territories Child Benefit (NWTCB) and the Healthy Children Initiative. In order to reduce duplication and streamline efficiency, the Canada Customs and Revenue Agency delivers the NWTCB for the Northwest Territories, as an integrated payment with other federal child benefits.

- NWT Child Benefit – This was provided to low-income NWT families as follows over the past 3 years
- 1999-2000 – 5,800 children in 3,000 families;
- 2000-2001 – 5,100 children in 2,600 families;
- 2001-2002 – 5,000 children in 2,500 families.

The NWTCB is a cash benefit, which provides a maximum of \$330 per child per year for families with income of \$20,921 or less in the previous year. The Territorial Workers' Supplement provides families with between \$3,750 and \$10,000 in working income the previous year with annual benefits of up to \$275 for the first child and \$75 for the second.

- **Healthy Children Initiative** – While the 1998-1999 reinvestment continues to fund the NWTCB, subsequent increases have been directed to the Healthy Children Initiative (HCI), which has been offered by the Government of the NWT since 1997. The program is recognized as playing a

major role in communities by providing programs for children six years of age or under and their families. Funding, based on written proposals, is provided to community groups to plan and deliver programs specifically tailored to meet the needs of that community.

The Government of the Northwest Territories adds an annual investment of over \$1.4 million to fund its commitment under these two programs.

The NCB plays a significant role in encouraging people to join the workforce or to continue employment by providing a stable source of income for their children. The income that it provides helps families while they are between jobs or just finishing school. Rather than accessing Income Assistance to feed their children, low-income families in need can use the money that they receive through the NCB Supplement and the NWT Child Benefit to bridge that gap. Because of the support that these provide, and the robust NWT economy, more low-income families have raised their standard of living.

The effect of these new benefits and the positive economy is apparent in the significant expenditures decline on the NWTCB. These expenditures have fallen by approximately 13% since its inception in 1998, from \$2,000,000 in 1999-2000 to \$1,740,000 in 2001-2002. It is clear that NWT residents are taking advantage of employment opportunities in the mining, oil and gas and service sectors.

**Table 29 – Northwest Territories NCB Reinvestments and Investments**

	2000-2001 Expenditures (\$000)	2001-2002 Estimates (\$000)	2002-2003 Estimates (\$000)
<b>Child Benefits &amp; Earned Income Supplements</b>			
NWT Child Benefit/Territorial Workers' Supplement	1,773	1,740	1,750
<b>Early Childhood Services/ Children-at-Risk Services</b>			
Healthy Children Initiative	367	419	419
<b>TOTAL</b>	<b>2,140</b>	<b>2,159</b>	<b>2,169</b>

Note: Totals may not add due to rounding.



## ■ Nunavut

The Territory of Nunavut has been in existence since April 1, 1999. The Government of Nunavut's NCB reinvestments and investments include the Nunavut Child Benefit, the Territorial Workers' Supplement and the Healthy Children Initiative. The NCB Supplement is treated as income in Nunavut, thereby reducing the amount of social assistance payable to a family. Canada Customs and Revenue Agency delivers the Nunavut Child Benefit and the Territorial Workers' Supplement as an integrated payment with the federal child benefits.

Nunavut's reinvestments and investments include:

- **Nunavut Child Benefit** – This cash benefit is paid to all families with net income of \$20,921 or less in the previous year. These families receive \$330 for each eligible child under the age of 18 living at home. An estimated 6,800 children in 3,050 families will receive the Nunavut Child Benefit in 2002-2003.

- **Territorial Workers' Supplement** – This is an additional benefit for working families with children under the age of 18 living at home. Eligible participants may receive up to \$275 per year for the first child and \$75 for the second. To qualify, the family must have earned income of at least \$3,750 in the previous year.
- **Healthy Children Initiative** – This initiative focuses on the healthy development of children up to the age of six through the improvement or expansion of community-based programs and services for young children and their families. Funding, based on written proposals, is provided to community groups to plan and deliver programs tailored to meet the needs of that community.

**Table 30 – Nunavut's NCB Reinvestments and Investments**

	2000-2001 Expenditures (\$000)	2001-2002 Estimates (\$000)	2002-2003 Estimates (\$000)
<b>Child Benefits &amp; Earned Income Supplements</b>			
Nunavut Child Benefit/Territorial Workers' Supplement	2,287	2,300	2,600
<b>Early Childhood Services/ Children-at-Risk Services</b>			
Healthy Children Initiative	486	325	n/a*
<b>TOTAL</b>	<b>2,773</b>	<b>2,625</b>	<b>2,600</b>

\* Estimates for the Healthy Child Initiative are not available in 2002-2003.

Note: Totals may not add due to rounding.



## ■ First Nations

First Nations on reserve and the federal government are cooperatively addressing the needs of low-income families through the First Nations NCB reinvestment component. Approximately 600 First Nations across the country participate in the NCB. Programs undertaken by First Nations vary from community to community and tend to cover a wider range of program areas than those of their provincial and territorial counterparts.

In assessing the figures below, it is important to note that bands funded under multi-year funding agreements are excluded from the totals for Atlantic, Ontario, Alberta, and British Columbia. As Indian and Northern Affairs Canada (INAC) does not administer social assistance in the Northwest Territories and Nunavut, reinvestments in these areas are not included. Self-governing bands in the Yukon are excluded and figures for the Atlantic region do not include Newfoundland and Labrador.

NCB reinvestment programs for First Nations on reserve fall into five activity areas:

- **Child/Day Care** – Development and enhancement of day care facilities.
- **Child Nutrition** – Provides school meal programs as well as education to parents on family nutrition and meal preparation.
- **Early Childhood Development** – This reinvestment provides early intervention for parents in order to give children a healthy start in life.
- **Employment Opportunities/Training Programs** – Offer programs which support employment opportunities for low-income families with children.
- **Community Enrichment** – Reinvestments were used to support a number of community and cultural programs in order to build stronger communities and provided a sense of community ownership of the NCB.

**Table 31 – First Nations' NCB Reinvestments and Investments**

Program Type	2000-2001 Expenditures (\$000)	2001-2002 Estimates (\$000)	2002-2003 Estimates (\$000)
Child/Day Care	617.0	697.3	n/a
Child Nutrition	5,002.7	6,652.3	n/a
Early Child Development	3,463.2	1,246.3	n/a
Employment Opportunities/Training	5,078.5	5,372.4	n/a
Community Enrichment	8,821.5	19,351.2	n/a
<b>Sub-Total</b>	<b>22,982.9</b>	<b>33,319.5</b>	<b>n/a</b>
Additional Expenditures by First Nations with Multi-Year Agreements and Comprehensive Funding Agreements	27,255.8	18,097.4	n/a
Additional Reinvestment Envelope <sup>39</sup>	4,039.2	5,762.9	n/a
<b>TOTAL</b>	<b>54,277.9</b>	<b>57,179.8</b>	<b>51,900.0</b>

A breakdown of 2002-2003 estimates is not available.

Note: Totals may not add due to rounding.

<sup>39</sup> The Additional Reinvestment Envelope includes funding to reimburse Saskatchewan and the Yukon for the portion of provincial/territorial children's benefits paid on reserve.

**Table 32 – First Nations' NCB Reinvestments and Investments by Region**

	2000-2001 Expenditures (\$000)	2001-2002 Estimates (\$000)	2002-2003 Estimates (\$000)
Yukon	264.1	341.1	n/a
British Columbia	4,324.0	4,174.1	n/a
Alberta	9,667.2	8,566.1	n/a
Saskatchewan	11,440.8	15,391.7	n/a
Manitoba	7,785.6	5,322.1	n/a
Ontario	5,217.5	7,355.3	n/a
Quebec	8,539.5	8,717.9	n/a
Atlantic	3,000.0	1,548.6	n/a
<b>Sub-Total</b>	<b>50,238.7</b>	<b>51,416.9</b>	<b>n/a</b>
Additional Reinvestment Envelope <sup>40</sup> Saskatchewan and Yukon	4,039.2	5,762.9	n/a
<b>Total</b>	<b>54,277.9</b>	<b>57,179.8</b>	<b>51,900.0</b>

A breakdown of 2002-2003 estimates is not available.

Note: Totals may not add due to rounding.

<sup>40</sup> The Additional Reinvestment Envelopment includes funding to reimburse Saskatchewan and the Yukon for the portion of provincial/territorial children's benefits paid on reserve.

## ■ Citizenship and Immigration Canada

### *Resettlement Assistance Program*

The Resettlement Assistance Program (RAP) for government-assisted refugees provides income support and a range of essential services that benefit families with children. Income support is provided for 12 months or until the client has become self-sufficient, whichever comes first, with a maximum of 24 months' coverage for certain special needs refugees. Clients who are not self-sufficient at the end of the period of RAP support are entitled to provincial/territorial assistance.

Citizenship and Immigration Canada (CIC) is committed to the objectives of the National Child Benefit program and administers the program through its local and regional offices following provincial/territorial social assistance guidelines which help to maintain a national standard for clients.

The funds available as a result of the income support adjustments are reinvested into benefits for refugee families with children. The NCB Transportation Allowance provides a supplement that assists families in their transportation costs. The Children under 6 Years Allowance is a benefit that recognizes the additional costs associated with young children. The School Start-Up Allowance is a supplement provided to families with school-age children. A Newborn Allowance assists clients with the costs of having a baby.

The KOSOVO project was a one-time project which saw funding provided for a period of two years and the project is now complete. Reporting for the KOSOVO project will cease after 2002. There are no longer any KOSOVO clients eligible for RAP income support.

**Table 33 – Citizenship and Immigration Canada's NCB Reinvestments and Investments**

	2000-2001 Expenditures (\$000)	2001-2002 Estimates* (\$000)	2002-2003 Estimates* (\$000)
<b>Child Benefits &amp; Earned Income Supplements</b>			
Children under 6 Allowance/Newborn Allowance/School Start-up Allowance	563	562	400
<b>Other</b>			
Transportation	3,286	2,292	1,492
<b>Total</b>	<b>3,849</b>	<b>2,854</b>	<b>1,892</b>

\* Estimated expenditures for 2001-2002 and 2002-2003 have decreased due to the phasing out of the Kosovo movement initiative.

Note: Totals may not add due to rounding.



# Appendix 3

## Results of the SLID Analysis

**Table 34 – Change in Incidence of Low Income Among Families by Family Type due to the NCB: January 2000 to December 2000**

SLID 2000	One-Parent Families	Two-Parent Families	All Families
<b>Post-Tax LICOs</b>			
Decline in Number of Children Living in Low Income	16,100	37,200	55,000
Decline in Number of Families Living in Low Income	8,600	14,300	22,900
Percentage Change in Number of Families Living in Low Income	-4.1%	-6.0%	-5.1%
Decline in Incidence of Low Income Among Families with Children*	1.2	0.5	0.6
<b>Pre-Tax LICOs</b>			
Decline in Number of Children Living in Low Income	13,100	27,900	41,200
Decline in Number of Families Living in Low Income	7,000	11,600	18,600
Percentage Change in Number of Families Living in Low Income	-2.5%	-3.7%	-3.2%
Decline in Incidence of Low Income Among Families with Children*	-1.0	-0.4	-0.5
<b>Post-Tax LIM</b>			
Decline in Number of Children Living in Low Income	15,400	51,600	67,500
Decline in Number of Families Living in Low Income	7,800	16,700	24,500
Percentage Change in Number of Families Living in Low Income	-3.5%	-6.6%	-5.1%
Decline in Incidence of Low Income Among Families with Children*	1.1	0.5	0.6

\* Decline in incidence of low income is expressed in percentage points.

Source: Based on Statistics Canada special tabulations from the SLID 2000.

**Table 35 – Changes in Disposable Incomes due to the NCB Among Families with Children by Family Type: January 2000 to December 2000**

SLID 2000	One-Parent Families	Two-Parent Families	All Families
<b>Post-Tax LICOs</b>			
Remained Living in Low Income in 2000			
Increase in Disposable Income due to NCB	\$500	\$900	\$700
Percentage Increase in Income	3.1%	4.8%	4.1%
Were Prevented from Living in Low Income in 2000			
Increase in Disposable Income due to NCB	\$1,250	\$2,100	\$1,800
Percentage Increase in Income	6.0%	8.3%	7.5%
Other Families with Children Who Received NCB Supplement in 2000			
Increase in Disposable Income due to NCB	\$500	\$500	\$500
Percentage Increase in Income	1.4%	1.4%	1.4%
<b>Pre-Tax LICOs</b>			
Remained Living in Low Income in 2000			
Increase in Disposable Income due to NCB	\$450	\$850	\$700
Percentage Increase in Income	2.7%	4.1%	3.5%
Were Prevented from Living in Low Income in 2000			
Increase in Disposable Income due to NCB	not available	not available	\$1,400
Percentage Increase in Income			5.2%
Other Families with Children Who Received NCB Supplement in 2000			
Increase in Disposable Income due to NCB	\$500	\$500	\$500
Percentage Increase in Income	1.2%	1.1%	1.2%
<b>Post-Tax LIM</b>			
Remained Living in Low Income in 2000			
Increase in Disposable Income due to NCB	\$450	\$950	\$700
Percentage Increase in Income	3.0%	5.0%	4.2%
Were Prevented from Living in Low Income in 2000			
Increase in Disposable Income due to NCB	\$1,200	\$2,100	\$1,850
Percentage Increase in Income	5.6%	7.1%	6.7%
Other Families with Children Who Received NCB Supplement in 2000			
Increase in Disposable Income due to NCB	\$500	\$500	\$500
Percentage Increase in Income	1.4%	1.2%	1.3%

Source: Based on Statistics Canada special tabulations from the SLID 2000.

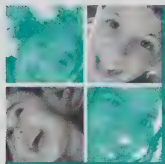


**Table 36 – Change in Incidence of Low Income Among Families by Family Type due to the NCB: January 2000 to December 2000**

SLID 2000	One-Parent Families	Two-Parent Families	All Families
<b>Post-Tax LICOs</b>			
Decline in Low Income Gap (\$ millions)	\$100	\$220	\$320
Percentage Change in the Low-Income Gap	-7.6%	-11.0%	-9.6%
<b>Pre-Tax LICOs</b>			
Decline in Low Income Gap (\$ millions)	\$123	\$263	\$389
Percentage Change in the Low-Income Gap	-5.2%	-7.8%	-6.7%
<b>Post-Tax LIM</b>			
Decline in Low Income Gap (\$ millions)	\$101	\$228	\$332
Percentage Change in the Low-Income Gap	-7.6%	-11.4%	-9.9%

Source: Based on Statistics Canada special tabulations from the SLID 2000.





## Appendix 4

# Additional Statistical Information

These additional statistical tables supplement the information contained in this report. They provide information on low income and labour market participation trends and are on the NCB website site at: [www.nationalchildbenefit.ca](http://www.nationalchildbenefit.ca).

**Table 1a:** Post-tax LICOs – Income thresholds, by family size and community size, 2000

**Table 1b:** Pre-tax LICOs – Income thresholds, by family size and community size, 2000

**Table 1c:** Post-tax LIM – Income thresholds, by family size and composition, 2000

**Table 2:** LICOs & LIM – Number and percentage of families with children under 18 below the low-income thresholds, by family type, Canada, 1984 to 2000

**Table 2a:** LICOs & LIM – Number and percentage of children under 18 below the low-income thresholds, by family type, Canada, 1984 to 2000

**Table 3a:** Post-tax LICOs – Percentage by which family income is below or above the low-income thresholds, by family type, Canada, 1984 to 2000

**Table 3b:** Pre-tax LICOs – Percentage by which family income is below or above the low-income thresholds, by family type, Canada, 1984 to 2000

**Table 3c:** Post-tax LIM – Percentage by which family income is below or above the low-income thresholds, by family type, Canada, 1984 to 2000

**Table 4:** LICOs & LIM – Average market income of low-income families with children under 18 as a percentage of the low-income thresholds, by family type, Canada, 1984 to 2000

**Table 5:** LICOs & LIM – Percentage of low-income families with children under 18 employed for pay during the year, by family type, Canada, 1984 to 2000

**Table 6:** Estimated number of families with children under 18 receiving social assistance, by family type, Canada, 1987 to 2002

**Table 7:** Federal expenditures on CCTB benefits (the NCB Supplement and the CCTB base benefit) for NCB Supplement recipients, by province/territory, July 2001 to June 2002

**Table 8:** Federal expenditures on CCTB benefits (the NCB Supplement and the CCTB base benefit) for CCTB base benefit recipients, by province/territory, July 2001 to June 2002











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